

All Saved After Soviet Liner Hits Iceberg

By Steve Lohr

New York Times Service

OSLO — A Norwegian rescue ship broke through Arctic ice floes several feet thick on Tuesday to rescue hundreds of passengers from a Soviet cruise vessel that had struck an iceberg in the Greenland Sea, north of Norway.

The rescue vessel arrived on the scene a few hours after the Soviet liner, the Maxim Gorky, ran into the iceberg. The impact ripped two large holes in the side of the 630-foot (190-meter) cruiser, shortly after midnight. By late afternoon, Norwegian authorities and the Soviet news agency Tass said that the nearly 600 passengers and 379 crew members were safe. There were no reported injuries.

"The situation is under control and there are no reports of casualties," said Magnus Storhaug, spokesman for the local government on Spitsbergen, 300 kilometers (about 185 miles) east of the accident.

The passengers, mainly West German tourists, were on a cruise to view the continuous daylight, called the "midnight sun," north of the Arctic Circle. Tass reported

that the accident occurred in heavy fog. One of the holes in the cruise liner, it said, was about 7 feet in diameter, the other nearly 20.

Still, there was no immediate explanation of why a vessel with modern navigation equipment ran into a sizable iceberg. "Even in bad weather, the ship should have been able to detect the presence of a large iceberg," said an official at Norway's rescue center in Bodoe.

The rescue vessel, Senja, arrived near the stricken liner, which was listing sharply, at 4:15 A.M., according to Finn Hansen, a Norwegian coast guard spokesman.

Sigurd Kleiven, commander of the Senja, told a news agency: "We had to break through a belt of ice three nautical miles wide and 2.5 meters thick which slowed us up before reaching the Maxim Gorky, which was in open sea."

All the passengers were rescued by 7:30 A.M., according to the Norwegian coast guard. Helicopters then ferried passengers from the rescue vessel's deck to the Spitsbergen archipelago. Airplanes were picking them up and taking them to the Norwegian mainland.

Interviews with rescued passengers via radio-telephone, conducted by Norwegian media, indicated that the rescue had been orderly.

"There was some confusion about which lifeboats were to go on, but no panic," said Marianne Finne, a West German passenger, who added that there was a loud bang and a scraping sound when the cruise liner hit the iceberg.

"After the sirens went off," she said, "we were told by the crew to come on board and put on life jackets. It was cold and raining heavily."

Adolf Kuhn, 73, described how his lifeboat had been left hanging over the side of the ship for two hours, because there was too much ice to launch it, Reuters reported. "Finally we were launched," he said, "but there were major shortcomings with the lifeboats. There was only a lot of alcohol and no drinking water."

Other passengers praised the efficiency of the Soviet crew, in getting them into lifeboats, and of the Norwegian rescue operation.

The Maxim Gorky was still afloat in late evening, as rescue

crews steadily pumped water from its hold and tried to tow it gradually to shore.

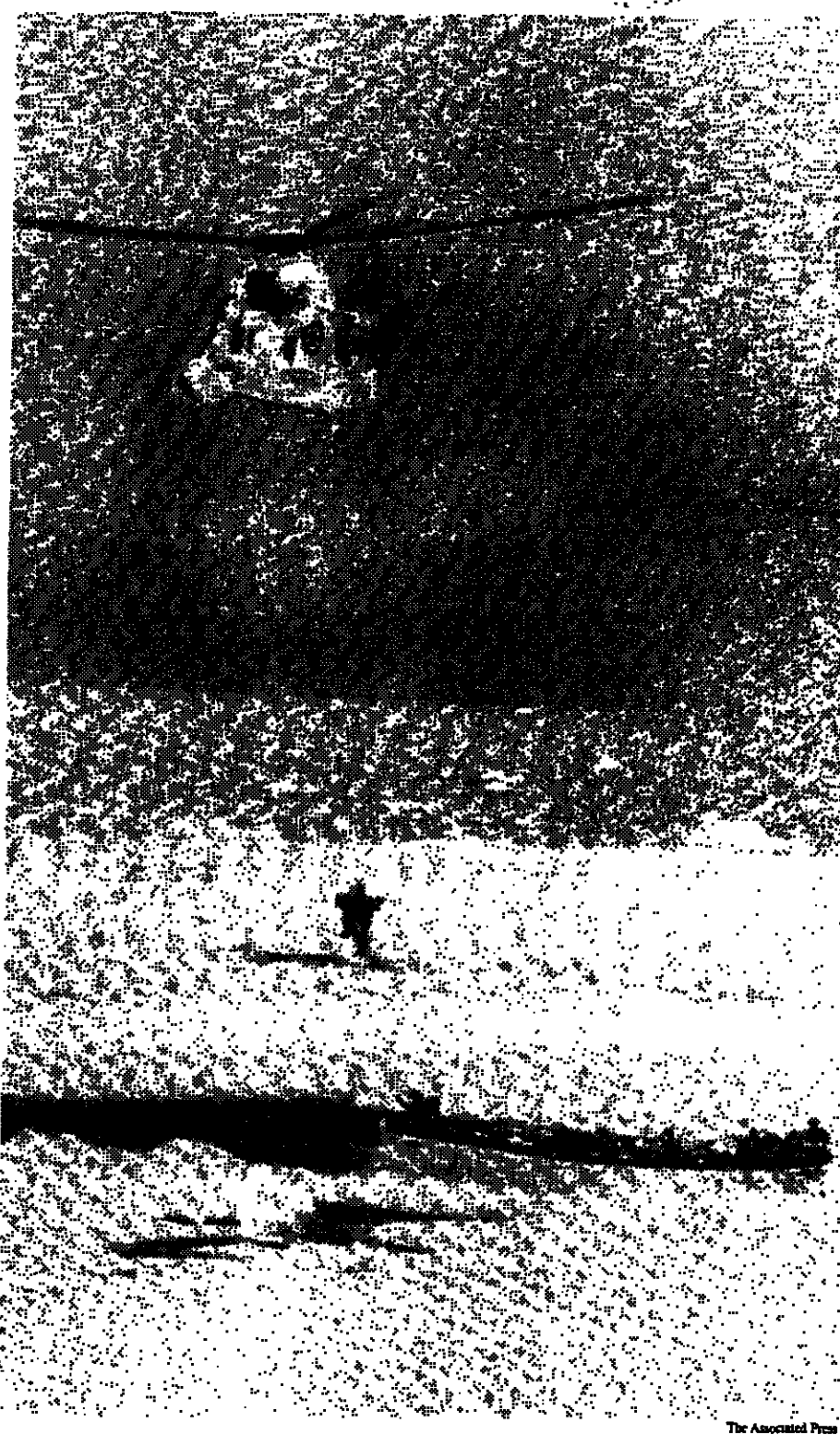
The ship was built in 1969 and has been operated by the Soviets since 1974. The cruise was managed by a Bonn travel agency, which said that 551 Germans and 16 other West Europeans made up the passenger list. The cruise originated in Bremerhaven, West Germany, went to Iceland and was scheduled to make its way past the Spitsbergen islands and south along the Norwegian coast on its way home.

In recent years, there has been a series of accidents involving Soviet cruise ships.

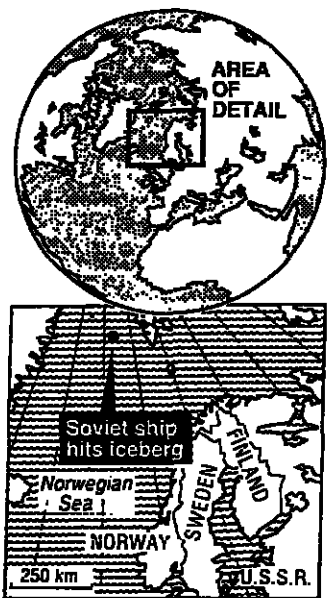
In May 1988, a fire aboard a cruiser, Priamurye, in Osaka, Japan, claimed the lives of 11 Soviet tourists.

In August 1986, a cruise ship, the Admiral Nakhimov, collided with a freighter in the Black Sea and sank; several hundred Soviet passengers died.

In February 1986, the liner Mikhail Lermontov sank off the coast of New Zealand after hitting a reef.



The Maxim Gorky off Spitsbergen on Tuesday, listing after it hit an iceberg. In photo at right, a helicopter lifting a passenger to safety from a lifeboat. Many of the passengers were elderly.



Kiosk

Judge Puts Off North Sentence

WASHINGTON (AP) — A federal judge on Tuesday postponed until July 5 the sentencing of Oliver L. North in the Iran-contra affair to consider allegations of misconduct against one of the jurors who convicted the former White House aide.

U.S. District Judge Gerhard A. Gesell said that he would hold a hearing June 28 on the matter. It was understood that sealed papers detailing the allegations related to Tara King, who said after the trial that she had used cocaine before becoming a member of the North jury but not during the trial.

General News

Massachusetts Republicans have their best chance in a generation to break Democrats' hold. Page 3.

Greece began a period of political bargaining to try to form a coalition government. Page 2.

Isolation, disease and hunger are the fruits of civil war in southern Sudan. Page 5.

Business/Finance

Harcourt Brace Jovanovich plans to sell Sea World and Cypress Gardens. Page 11.

A French banker says he knows a way to alleviate Third World debt crisis. Page 11.

Crossword Page 7.

Dow Jones	The Dollar
Down 7.01	DM 1.9875
	Pound 1.5395
	Yen 144.90
	FF 6.738

Rafsanjani Meets Gorbachev, Opening Door to Better Ties

By Michael Dobbs

Washington Post Service

MOSCOW — The speaker of the Iranian parliament, Hashemi Rafsanjani, set the seal on a dramatic improvement in relations between Tehran and Moscow on Tuesday by holding talks in the Kremlin with President Mikhail S. Gorbachev.

Mr. Rafsanjani, who is making his first trip outside Iran since the death on June 3 of Ayatollah Ruhollah Khomeini, is the most senior Iranian official to visit the Soviet Union since the Islamic revolution in 1979.

The Iranian press agency IRNA quoted Mr. Rafsanjani, who is being treated as a head of state by his Soviet hosts, as saying that the conditions were ripe for "opening a new chapter in Iran-Soviet relations and indeed the whole region."

The official Tass press agency later quoted Mr. Gorbachev as saying that Iran and the Soviet Union would sign a series of documents setting out their future relations until the year 2000. "We are ready to go as far as Iran is willing to meet us halfway," Mr. Gorbachev said, describing the visit as a "landmark event."

Although preparations for Mr. Rafsanjani's visit to Moscow have been under way for three or four months, the timing is symbolically important. Foreign policy analysts from both East and West have been searching for clues about the intentions of the post-Khomeini leadership in Iran during a period of mounting economic problems.

A Middle Eastern diplomat said that Mr. Rafsanjani's willingness to travel abroad during the period of official mourning for Ayatollah Khomeini was a sign of his political confidence. Mr. Rafsanjani is expected to win a presidential election next month that would confirm his position as the dominant political figure in Iran.

"By coming to Moscow, Rafsanjani is protecting himself against his opponents in Iran who portray him as pro-Western," the diplomat said. "He may also be playing West off against East. Iran needs outside help for the reconstruction of its economy."

Relations between the Soviet Union and Iran, which share a 2,250-kilometer (1,400-mile) border, were severely strained by the Kremlin's military support for Iraq

See IRAN, Page 2



Hashemi Rafsanjani, the Iranian parliament speaker, with President Mikhail S. Gorbachev before their Kremlin meeting on Tuesday.

Bush Imposes More Sanctions Against Beijing

The Associated Press

WASHINGTON — President George Bush imposed new sanctions against China on Tuesday in retaliation for the bloody crackdown against the pro-democracy movement.

The White House said it would seek to postpone consideration of new loans to China by international lending institutions. Moreover, Mr. Bush ordered U.S. government officials to suspend participation in all high-level contacts with officials of the Beijing government.

"This action is being taken in response to the wave of violence and reprisals by the Chinese authorities against those who have called for democracy," the White House press secretary, Martin Fitzwater, said in a written statement.

Earlier, Secretary of State James A. Baker 3d told the Senate Foreign Relations Committee that a cancellation of contacts would

mean that Secretary of Commerce Robert A. Mosbacher would cancel a trip to China scheduled for July 10.

[China is mounting a high-pressure campaign to lure back foreign businessmen who fled after the suppression of the democracy movement, The New York Times reported from Hong Kong, but many executives are wary of returning, afraid of being used as pawns in Beijing's propaganda battle.]

[These fears were compounded Tuesday when a Chinese government agency invited foreign businessmen in Beijing to a meeting to hear what was advertised as an important announcement.]

[Instead, the participants were filmed by a Chinese television crew, apparently for use on a Chinese news program to prove the government's contention that life has quickly returned to normalcy.]

See BAKER, Page 2

18 Flee China by Boat

The Associated Press

MANILA — Eighteen Chinese refugees arrived by boat in the Philippines last week after fleeing the turmoil in their country, a United Nations official said Tuesday.

Karola Paul, deputy representative of the UN High Commissioner for Refugees, said the 16 men and 2 women arrived June 13 in Batanes Province, 665 kilometers (410 miles) north of Manila.

The Philippine authorities will be asked to grant custody of the refugees to her agency, she said. The Chinese, she added, were taken to army headquarters in Manila and were to be interviewed by immigration officials.

"To me, they are asylum-seekers," Miss Paul said. "We have been alerted of an outflow from China since the turmoil. But it would be very difficult to say if there will be more."

Focus on Verification

The chief U.S. arms negotiator, Richard R. Burt, said Tuesday that Washington, in its new approach to a strategic arms treaty, wanted to build on Moscow's new open attitude to verification, news agencies reported from Geneva.

Under the new approach, when the formal negotiations begin Wednesday, the U.S. team will seek agreement on verifying arms cuts before completing a treaty.

The White House said Monday that it intended to pursue the new approach in order to achieve quick agreement on measures to prevent cheating.

Critics faulted the new focus on verification as a means to delay an early accord. But the White House insisted the approach would help

See ARMS, Page 2

Ligachev's Fading Star: Fear of Threat Subsides

By David Remnick

Washington Post Service

MOSCOW — Yegor K. Ligachev, the politician once thought to be the most serious conservative threat to the radical changes of Mikhail S. Gorbachev, has lost much of his power and almost all of his ability to send a chill through progressive forces.

Most Soviet politicians and intellectuals appear to have concluded that while Mr. Ligachev, as a member of the ruling Politburo, continues to speak out, he is no longer a threat to the Soviet leader's political position.

In late 1987 and last year, the political rumor mill in Moscow ran on Mr. Ligachev. What schemes was he cooking up while Mr. Gorbachev was abroad or on

vacation? Could he undermine the most radical newspapers and journals?

"A year ago, people were afraid of Ligachev, and what he might do next," said Arkadi Murashev, a deputy from Moscow

NEWS ANALYSIS

in the new legislature. "Now the worry is not there. People don't pay such close attention anymore."

In a performance Monday night of a long-running play about Stalin, "Dark Person," the actors openly mocked Mr. Ligachev for his conservative policies in agriculture and other spheres. But even this sort of lampoon, as Mr. Ligachev fades, has lost its sting.

Perhaps nothing has lowered Mr. Liga-

chev's stature so much as the resurrection of his arch-rival, Boris N. Yeltsin, a maverick radical who lost his spot in the leadership after criticizing Mr. Ligachev openly. During the March legislative election campaign, Mr. Yeltsin attacked Mr. Ligachev again, and then won 90 percent of the vote.

Mr. Yeltsin is now a member of the Supreme Soviet, the standing legislature. According to a poll conducted by the magazine Argumenty i Fakty, he is the second most popular politician in the country after Mr. Gorbachev. Mr. Yeltsin now openly, even brazenly, calls for Mr. Ligachev's resignation or removal from the Politburo. "The sooner the better," Mr. Yeltsin said in an interview.

When the foreign press and the Soviet people first began writing and talking

about debates in the leadership nearly two years ago, both Mr. Ligachev and Mr. Gorbachev felt compelled, in the Stalinist tradition, to profess unity, accusing Western news organizations of stirring up trouble.

But in recent months, the Communist Party leadership has almost completely given up the myth of absolute uniformity of opinion in its ranks. No one observing either the party's Central Committee meetings or, especially, the opening session of the new Congress of People's Deputies, could believe longer in what historian Yuri Karyakin calls "the myth of the monolith."

Although the debate in public between figures at the Politburo level is a subtle

See LIGACHEV, Page 2

Irate Jews Assail Shamir at Funeral

By Glenn Frankel

Washington Post Service

JERUSALEM — Rightist Jewish settlers shouted down Prime Minister Yitzhak Shamir on Tuesday with furious cries of "Traitor!" and some tried to physically assault him at the funeral of a settler stabbed to death in the Israeli-occupied West Bank.

Later in the day, a settler armed with an Uzi submachine gun sprayed fire at Palestinian workers at a crowded intersection in the Israeli town of Petah Tikva, wounding two of them. Two other Arabs were injured when a group of settlers returning from the funeral pelted their car with rocks, smashing their windshield.

The army announced that three young Arab shepherds had con-

fessed to killing Frederick S. Rosenfeld, 48, a New York-born settler whose body was found Sunday night near his home in the West Bank settlement of Ariel. Although the three will not be tried for several weeks, army demolition squads blew up their homes Tuesday afternoon in the village of Burkin.

Meanwhile, Defense Minister Yitzhak Rabin, in a letter to Israel's attorney general, demanded the right to deport Palestinian activists within seven days of their arrest, to extend administrative detention orders up to a year instead of the present six months and to demolish the homes of Arab suspects without prior notification to their families.

The killing of Mr. Rosenfeld and the virulent settler reaction have

tensions not only between settlers and Palestinians, but also between them and Mr. Shamir, who finds himself under harsh attack from his former allies on the political right.

But it appeared that the incidents Tuesday might lead to a political backlash against the settlers, whose verbal and physical assaults on Mr. Shamir were condemned by Israeli political parties across the spectrum.

The national police commissioner, David Kraus, said, "It was no great surprise that there would be attacks on Arabs" by people he branded "irresponsible extremists." But he warned: "This situation can easily go to the next stage,

See JERUSALEM, Page 2

Conservative Leader Begins Bargaining to Form Greek Coalition

By Edward Cody
Washington Post Service

ATHENS — Greece settled in for a period of political bargaining Tuesday after Constantine Mitsotakis of the conservative New Democracy Party was named as the first leader to try forming a new government.

A Communist-led leftist coalition turned down Mr. Mitsotakis's proposal for cooperation with the conservatives in an immediate interim government that would have the power only to organize new elections and prosecute financial irregularities under Prime Minister Andreas Papandreu.

In a statement Tuesday, the leftist grouping left room for some kind of coalition government, but without indicating with whom it would be willing to join or under what conditions. Because neither Mr. Papandreu nor Mr. Mitsotakis had enough votes in the election to form a parliamentary majority alone, the leftist coalition has become a pivotal swing group solicited by both major parties.

Mr. Mitsotakis nevertheless vowed to continue seeking support for his idea. The conservative leader said his first place in the elections made such an effort his duty. In addition, he warned that officials involved in the country's financial scandals could go unpunished unless Mr. Papandreu's advisers moved fast to launch a joint parliamentary investigation.

"The most important thing is that," he said after receiving the mandate Tuesday from President Christos Sartzetakis. "This needs must influence everything we do."

Mr. Papandreu submitted his government's resignation Monday after eight years in power. He will remain as caretaker prime minister until a new government is formed.

Under the Greek Constitution, Mr. Mitsotakis has three days to convince President Sartzetakis that he can organize a majority of the 300 members of parliament by attracting outside support to bolster his party's 144 seats. Unless he

does so, the president passes the mandate to Mr. Papandreu as the second-place vote-getter with 125 seats.

If Mr. Papandreu also fails, the mandate would go to Harilaos Trikoupi, head of the Moscow-oriented Communist Party of Greece and of the overall leftist electoral grouping, the Coalition of Leftist and Progressive Forces with 29 seats.

Greek political analysts expressed doubt that Mr. Mitsotakis would succeed in changing the minds of the leftists in what was expected to be intensive bargaining in coming days. Similarly, they said, he will have difficulty winning support from disaffected members of Mr. Papandreu's Pan-Hellenic Socialist Movement, known by its initials PASOK.

Mr. Papandreu charged, meanwhile, that Mr. Mitsotakis is using the scandals as a way to attract support. At the same time, he made an indirect appeal for cooperation from the Communists, saying they and PASOK form a "progressive majority."

"The Greek people gave the majority to the democratic and progressive forces," he declared. But conservatives expressed doubt Mr. Papandreu would be able to form such a government because of numerous previous statements from Communist leaders that they would refuse to work with PASOK as long as Mr. Papandreu remained its leader. At the same time, some business executives were showing signs of nervousness at the prospect Mr. Papandreu may yet succeed.

Against this background, the analysts said, the country appeared to be entering a time of political tumult and behind-the-scenes arrangements. Unless Mr. Papandreu can overcome the reluctance of leftists to associate their fortunes with his tainted leadership, or unless PASOK removes Mr. Papandreu, the outcome could be a temporary government and new elections before the end of the year.



Constantine Mitsotakis, leader of the conservative New Democracy Party, spoke to the media on Tuesday after receiving a mandate from President Christos Sartzetakis to try to form a Greek coalition government. Under the constitution, he has three days to succeed.

Kazakhstan Riot Toll Put at 3

By Esther B. Fein
New York Times Service

MOSCOW — Troops are patrolling the streets of Novy Uzen in Soviet Kazakhstan, and a curfew has been placed on the Central Asian city after weekend rioting in which the authorities now say at least three persons were killed.

Ethnic Kazakh youths were said to have demanded the deportation of people from the Soviet Caucasus who live there, saying that migrant workers to the oil and gas producing city received better pay and living conditions than native residents, the government newspaper Izvestia reported Tuesday.

Novy Uzen, inland from the Caspian Sea in the republic's western Guryev region, has a population of about 56,000, of whom nearly 20,000 represent the different ethnic groups of the Caucasus region: Armenians, Azerbaijanis, Lezgins and others.

In the most detailed description to date of the latest ethnic crisis in the turbulent southern republics, Izvestia said that several hundred Caucasus migrants were temporarily evacuated from Novy Uzen on Sunday as a protective measure after armed youths stormed through the streets, overturning and burning cars, bashing store windows and beating pedestrians.

The rampage apparently started after a group of Kazakh teen-agers got into a brawl with a group of the migrants at a local discotheque. But the unrest soon grew into general complaints about the poor standard of living among Kazakhs, pay discrepancies with workers from other cities, and the high price of consumer goods.

The people who were under government protection were later returned to their homes when tensions died down, but up to 7,000

people continued to demonstrate in the city's central square.

For more than a year, the Soviet Union has faced outbreaks of ethnic violence in its southern republics. Many regions and cities there are now under curfew, and some are patrolled by special interior ministry troops.

Violent clashes broke out in February 1988 between Armenians and Azerbaijanis over control of the Nagorno-Karabakh Autonomous Region, and at least 90 people have died in the ensuing conflict. As a result, the Azerbaijan capital of Baku and 17 other districts in the republic are under curfew, as is the enclave of Nagorno-Karabakh and the entire republic of Armenia.

There is also a curfew in the Fergana Valley of Uzbekistan after violence there this month in which marauding young Uzbeks attacked the minority Meskhetian popula-



tion. About 100 people were killed. Most of the Meskhetians, who were deported to Uzbekistan by Stalin in 1944, have since been evacuated to areas of the Russian republic.

WORLD BRIEFS

Ex-Congressman Is Guilty of Perjury

ATLANTA (AP) — Former Representative Patrick L. Swindall was convicted Tuesday of nine counts of perjury for lying to a U.S. grand jury about a money-laundering scheme.

The Republican, 38, who served two terms in Congress from Atlanta's suburbs before being defeated in November, could receive up to five years in prison plus fines of up to \$250,000 on each count at his sentencing on Aug. 25. His attorney, Richard Hendrix, said Mr. Swindall will appeal.

Mr. Swindall, who was indicted in October, was accused of lying to a grand jury last year about his negotiations in 1987 with a U.S. tax agent posing as a drug-money launderer and with Mr. Swindall's associate, Charles LeChesney. Mr. LeChesney was later convicted of money-laundering.

Afghans Seize American Journalist

ISLAMABAD, Pakistan (Combined Dispatches) — Afghan troops have seized an American free-lance photographer who was traveling with Muslim guerrillas on assignment for Life magazine. He is the first American believed to have been captured by Afghans during the civil war.

The U.S. Embassy in Pakistan identified the American as Tony O'Brien, 42, of Santa Fe, New Mexico. He had been covering the Afghan conflict from the city of Peshawar in Pakistan and was seized last Wednesday in Kabul. An Afghan government spokesman, Mohammed Nabil Amani, said that no formal charges had been filed against Mr. O'Brien and that an investigation was under way.

At least three Western correspondents and two foreign aid workers have been captured while traveling with the guerrillas. All were released unharmed. Mr. O'Brien had made several forays into Afghanistan with the guerrillas and his photographs have appeared in major U.S. publications, including The New York Times and Time magazine. (AP, Reuters)

U.S. Denies Korean Crackdown Role

SEOUL (AP) — The United States has formally denied participating in the military suppression of a 1980 uprising in the city of Kwangju, officials said Tuesday. About 200 persons died in the revolt.

A parliamentary committee investigating the nine-day armed revolt had queried whether Washington had condoned Seoul's plan to suppress pro-democracy demonstrators, the officials said. A letter from the State Department said that the two South Korean Army divisions called into Kwangju were not under the operational control of the U.S. military commander in Seoul at the time.

Under a mutual defense treaty, an American commands the 43,000 U.S. troops in South Korea and some South Korean units. An alleged U.S. role in the suppression has been a main source of anti-American sentiment in South Korea.

Bonus for Some U.S. Air Controllers

CHICAGO (NYT) — The Transportation Department is trying to strengthen the ranks of air controllers working the busiest U.S. flying corridors by paying 20-percent bonuses to some controllers in Chicago, New York, Los Angeles and Oakland, California.

Transportation Secretary Samuel K. Skinner said that the bonuses will help the Federal Aviation Administration recruit and retain top controllers, inspectors and technicians. Many control towers have been understaffed since President Ronald Reagan dismissed 11,400 striking controllers in 1981.

But Ray L. Spickler, executive vice president of the controllers' union, called the program, a five-year test project, "a Band-Aid on a hemorrhage." He said controllers were sharply divided because relatively few are to get the extra pay — 2,100 out of 16,000.

OAS Group Fails to Dislodge Noriega

WASHINGTON (NYT) — The delegation sent to Panama last week by the Organization of American States made no progress in negotiating the departure of General Manuel Antonio Noriega, the Panamanian leader, according to Latin American diplomats and Bush administration officials.

As a result, the United States and several Central American countries are weighing other moves to press General Noriega, who is widely believed to have stolen the Panamanian elections held in early May. "The mission was a disaster," an OAS official said.

He also announced the failure of an attempt to arrange a dialogue involving the military, a coalition of pro-Noriega political parties, and the Democratic Opposition Alliance, which is supported by the United States.

Soviet Troops Hurt in Hungary Fire

BUDAPEST (Reuters) — A fire at a Soviet Army garrison in Hungary injured several Soviet soldiers, and at least one was in critical condition, hospital spokesmen said Tuesday.

The news agency MTI said the fire broke out in the living quarters of the garrison, headquarters of the Soviet southern army group in Tab, central Hungary. The agency gave no figure for the number of casualties, saying only that many soldiers had been injured. A source at a Budapest hospital said four soldiers were being treated for burns.

TRAVEL UPDATE

Italian Rail Service Faces Disruption

ROME (Reuters) — Rebel train drivers have called a four-day strike, starting Wednesday, that was expected to seriously disrupt rail services. The state railroad board said Tuesday that it planned to draft military engineers to handle 300 trips a day; normally, 9,000 runs are scheduled daily.

The strike over pay and working conditions was called by workers who reject the authority of the three primary trade unions. It will be their 15th stoppage in two years.

24-Hour Train Strike Looms in U.K.

LONDON (Reuters) — British Rail failed Tuesday to block a 24-hour nationwide strike set to start Wednesday. An appeals court declined to grant an order halting the action; British Rail was challenging a High Court refusal on Monday to issue a banning order.

The rail strike, over salaries, is likely to be compounded by a stoppage by London's Underground drivers. Despite a severe drop in tourism in 1988, the first full year of the Palestinian uprising, Israeli officials say they expect record arrivals of more than 1.5 million visitors in 1989. Hoteliers and tour operators say that foreigners appear to have grown less concerned over reports of the 18-month-old revolt.

British airlines whose Boeing 737-400s have been grounded for engine examinations said Tuesday they have managed to keep flying on schedule. Midland Airways and DanAir said they were coping by using spare aircraft or borrowing replacements.

French airline pilots postponed a one-day strike planned for Wednesday until July 1, one of their three unions said Tuesday. (APF)

WEATHER

EUROPE				ASIA			
	HIGH	LOW	WIND		HIGH	LOW	WIND
Amsterdam	24	15	W	Bangkok	32	24	E
Athens	24	15	W	Beijing	31	24	E
Berlin	24	15	W	Hong Kong	31	24	E
Bombay	32	24	E	Kobe	31	24	E
Buenos Aires	24	15	W	Manila	32	24	E
Calcutta	32	24	E	New Delhi	32	24	E
Cairo	32	24	E	Seoul	32	24	E
Cardiff	24	15	W	Shanghai	32	24	E
Chennai	32	24	E	Taipei	32	24	E
Copenhagen	24	15	W	Tokyo	32	24	E
Dublin	24	15	W				
Edinburgh	24	15	W	AFRICA			
Geneva	24	15	W				
Hamburg	24	15	W	Accra	32	24	E
Heidelberg	24	15	W	Algiers	32	24	E
London	24	15	W	Antananarivo	32	24	E
Madrid	24	15	W	Asmara	32	24	E
Moscow	24	15	W	Brazzaville	32	24	E
Munich	24	15	W	Conakry	32	24	E
Nairobi	32	24	E	Dakar	32	24	E
Paris	24	15	W	Harare	32	24	E
Prague	24	15	W	Libreville	32	24	E
Rome	24	15	W	Lomé	32	24	E
Stockholm	24	15	W	Maputo	32	24	E
Strasbourg	24	15	W	Nairobi	32	24	E
Toronto	24	15	W	Tunis	32	24	E
Warsaw	24	15	W				
Zurich	24	15	W	LATIN AMERICA			
				Buenos Aires	32	24	E
				Lima	32	24	E
				Managua	32	24	E
				Rio de Janeiro	32	24	E
				Sao Paulo	32	24	E
				NORTH AMERICA			
				Anchorage	32	24	E
				Atlanta	32	24	E
				Boston	32	24	E
				Chicago	32	24	E
				Dallas	32	24	E
				Denver	32	24	E
				Houston	32	24	E
				Los Angeles	32	24	E
				Memphis	32	24	E
				Minneapolis	32	24	E
				Miami	32	24	E
				Montreal	32	24	E
				New York	32	24	E
				Phoenix	32	24	E
				Portland	32	24	E
				San Francisco	32	24	E
				Seattle	32	24	E
				Tampa	32	24	E
				Washington	32	24	E
				MIDDLE EAST			
				Amman	32	24	E
				Cairo	32	24	E
				Jerusalem	32	24	E
				London	32	24	E
				Moscow	32	24	E
				Nairobi	32	24	E
				Paris	32	24	E
				Rome	32	24	E
				Stockholm	32	24	E
				Strasbourg	32	24	E
				Toronto	32	24	E
				Warsaw	32	24	E
				Zurich	32	24	E
				OCEANIA			
				Auckland	32	24	E
				Christchurch	32	24	E
				Dunedin	32	24	E
				Hamilton	32	24	E
				Wellington	32	24	E
				WEDNESDAY'S FORECAST			
				Amsterdam	32	24	E
				Bangkok	32	24	E
				Beijing	32	24	E
				Bombay	32	24	E
				Buenos Aires	32	24	E
				Calcutta	32	24	E
				Cairo	32	24	E
				Cardiff	32	24	E
				Chennai	32	24	E
				Copenhagen	32	24	E
				Dublin	32	24	E
				Edinburgh	32	24	E
				Geneva	32	24	E
				Hamburg	32	24	E
				Heidelberg	32	24	E
				London	32	24	E
				Madrid	32	24	E
				Moscow	32	24	E
				Munich	32	24	E
				Nairobi	32	24	E
				Paris	32	24	E
				Prague	32	24	E
				Rome	32	24	E
				Stockholm	32	24	E
				Strasbourg	32	24	E
				Toronto	32	24	E
				Warsaw	32	24	E
				Zurich	32	24	E

ARMS: Bush Weighs New Stance

(Continued from Page 1)

speed an agreement, the outlines of which first emerged in 1982. Mr. Bush said agreement on verification would give both sides early practical experience and accelerate progress on a treaty.

The U.S.-Soviet talks on a 50 percent cut in strategic arms with ranges of 3,400 miles (5,500 kilometers) and over began in 1985. They were interrupted in November to give the new U.S. administration time to complete a defense policy review.

The new emphasis on verification appears to be the most important result of the three-month review and diplomats in Geneva say it is intended to test Moscow's proclaimed openness.

"We are not saying that verification should become the centerpiece of our negotiations," Mr. Bush said. "We are saying that they should become a component of a broad-based effort to address a whole range of issues." (Reuters, AP)

U.S. Initiatives

R. Jeffrey Smith of The Washington Post reported earlier: The initiatives that the Bush ad-

ministration plans to propose include mutual round-the-clock monitoring of certain ballistic missile factories and direct inspections of missile warheads, according to a U.S. official.

The initiatives, which also include a proposed ban on certain kinds of missile flight tests, were developed during a lengthy administration review of strategic policy and arms control.

The official characterized the initiatives as "confidence-building measures" to be put into effect before a new arms treaty was completed so that it could eventually win broad public and congressional support.

Without providing details, Mr. Bush said Monday that U.S. negotiators "will propose that the two sides make a special effort to agree on, and to begin implementing as soon as possible, certain verification and stability measures."

A White House spokesman, Roman Papadakis, said the proposal meant that technical groups would be established to resolve verification disputes and decide on equipment to be used during inspections. He also said U.S. negotiators would probably give the Soviets "a list of items that each side can mutually look at."

IRAN: Kremlin Visit

(Continued from Page 1)

during the eight-year Gulf War and by the Soviet invasion of Afghanistan in December 1979. But the climate has improved sharply since the Kremlin pulled its last troops out of Afghanistan in February.

For Ayatollah Khomeini's successors, good relations with the Soviet Union represent a way out of Iran's diplomatic isolation without making political concessions to the West. Iranian relations with many Western countries seem unlikely to improve until the lifting of Ayatollah Khomeini's death order against the British writer Salman Rushdie and the release of hostages being held by Shiite Muslim guerrilla groups in Lebanon.

The Kremlin, meanwhile, is vitally interested by developments in its southern neighbor for both economic and political reasons. New rail links through Iran could provide Moscow with an outlet to the Indian Ocean. Soviet leaders are also concerned at the possibility of Islamic fundamentalism spreading across the border from Iran to the Soviet republics of Central Asia, which are largely inhabited by Muslims.

Ayatollah Khomeini, whose foreign policy slogan was "Neither East, nor West," pillor

AMERICAN TOPICS

The Information Act In the Computer Age

The federal government's shift to storing records in computers instead of on paper is undermining the Freedom of Information Act, according to some lawyers and public interest groups. The act does not mention computer records. The New York Times notes that since the law took effect in 1966, it has been used extensively by journalists, public interest groups and corporations to obtain a wide range of information. As many as 500,000 requests a year are filed under the act.

Representative Robert E. Wise Jr., Democrat of West Virginia, has introduced a bill that would extend the act into electronic areas. A spokesman for the American Civil Liberties Union says that "we need to view technology in general as a means for making government more accessible to citizens."

Technology already has been used to make it less accessible. Last year a Washington research firm requested an index of previously released records from the Central Intelligence Agency. The CIA produced a 5,000-page printout that made a stack three and a half feet, or about a meter, high. The research firm asked for the information on a computer tape or disk so that it could be scanned electronically more quickly than on paper. But a federal court ruled that the information was in "reasonably accessible form."

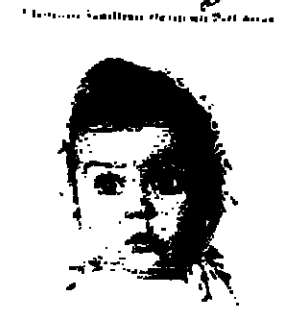
Short Takes

Two tugboat crewmen survived but the third apparently drowned in San Pedro channel in California when the submerged U.S. nuclear-powered submarine Houston snagged their tow cable and yanked their 97-ton, 73-foot craft beneath the surface. The tugboat, which had been towing two empty barges, quickly sank in 2,500 feet of water.

The dusky seaside sparrow has become the first bird to become extinct in the United States since the endangered species list was created in 1966, conservationists say. One of the last four hybrid dusksies was killed on March 27 when a storm in Florida ripped open their cage at Disney World. A

search for the three others has been fruitless. The birds, unaccustomed to the wild, apparently were killed by predators. The dusky fell victim to the pesticide DDT, land-clearing, road-building and other human encroachments in the salt marshes along the St. Johns River basin and Cape Canaveral, site of the John F. Kennedy Space Center.

Sonne ins Haus



The 1935 magazine photo of Hedy Levinson, a Jewish baby selected as "an example of the Aryan race."

When Hedy Levinson Taft of Princeton, New Jersey, was 6 months old and living with her parents in Hitler's Berlin, she was pictured on the cover of a 1935 issue of *Sonne ins Haus* (Sun in the Home), a Nazi-oriented German magazine. The magazine had asked 10 noted portrait photographers to submit 10 photos each as candidates for "the most beautiful German baby as an example of the Aryan race." The photo of Hedy Levinson won. She is of Latvian Jewish ancestry. Partly because of the incident, the Levinsons later fled Germany. She has donated her copy of the magazine to the projected U.S. Holocaust Memorial Museum.

The winning design for the Korean War Veterans Memorial in Washington features 38 infantrymen advancing across a field toward an American flag. The \$20,000 first prize, awarded by a 10-member jury of Korean War veterans and unanimously endorsed by the American Battle Monuments Commission, went to a team of four faculty members of Pennsylvania State University. The sculptor is yet to be chosen. The memorial will be on the Mall near the Lincoln and Vietnam Veterans memorials. Financing for the project, which is to cost \$6 million, is being raised through private contributions.

Arthur Higbee

U.S. Inquiry On Housing Dept. Cites a Weinberger

By Philip Shenon
New York Times Service

WASHINGTON — The Department of Housing and Urban Development reversed itself last year and approved U.S. assistance to a \$5-million Minnesota housing project for the elderly after the developers hired a consultant with ties to President Ronald Reagan and Defense Secretary Casper W. Weinberger.

The consultant, Robert Weinberger, a nephew of the former defense secretary and an aide to Mr. Reagan when he was governor of California, is the latest name on a growing list of prominent Republicans who contacted the department successfully on behalf of developers during the Reagan administration.

Several congressional committees are investigating charges that tens of millions of dollars in U.S. grants were distributed to developers who had retained former Reagan aides and other well-connected Republicans to contact the housing department.

A House committee was scheduled to hear testimony from another of them, Paul J. Manafort, a top campaign strategist for President George Bush who has acknowledged that he and his consulting firm benefited from a U.S. low-income housing program.

In the Minnesota case, documents show that after the housing office in Minneapolis rejected a plan for the department to provide mortgage insurance for the project, Rosewood Estates, a now Aug. 23 from Samuel R. Pierce, the housing secretary, said his senior staff would give "very careful consideration" to an appeal from the developers.

The note responded to a letter dated the day before from Senator Pete Wilson, a California Republican and a member of the Senate Select Committee on Aging, that asked that Mr. Pierce give Rosewood Estates "every consideration based on its merits."

Less than two weeks later the Minneapolis office's decision was reversed. Senator Wilson and Robert Weinberger are friends, and Mr. Weinberger said he had contacted the senator's staff seeking assistance on the 68-unit project in St. Paul.

"Whenever I talked with the staff members, it was always to encourage the elected official to send a letter to the appropriate official" at the department, he said.

Bush vs. Atwater: She Just Called to Say 'I Love You'

United Press International

WASHINGTON — Barbara Bush telephoned the Republican National Committee chairman, Lee Atwater, to tell him "I love you," her spokeswoman said Tuesday, after a newspaper reported that the first lady felt he was trivializing the presidency.

Anna Perez, the first lady's press secretary, said Mrs. Bush made the call because she had "an abiding affection" for Mr. Atwater.

"She telephoned him to say, 'I love you,'" Mrs. Perez said.

The New York Times said Monday that Mrs. Bush kept "a tigress eye on people who make her husband look bad." The Times cited reports in Washington that she "was displeased with Lee Atwater's second career as an impersonator of Elvis Presley," doing his guitar act at clubs and on late night television shows.

The newspaper said Mrs. Bush had complained that Mr. Atwater was not paying proper attention to his job and was trivializing the Republican Party's image. But Mrs. Perez said that Mrs. Bush considered Mr. Atwater "a good friend" because he had done a good job for her husband and had been "loyal, faithful and true."

Hymnal Gives Old-Time Religion New-Age Lyrics

By Ari L. Goldman
New York Times Service

PORT WASHINGTON, New York — After almost 40 years of singing in a church choir, Billie Rowley says some things come automatically — for instance, singing about God as a man.

And so, at choir rehearsal the other day, Mrs. Rowley got some surprises when she opened the new United Methodist Hymnal. The volume replaces the 1966 hymnal, criticized as "elitist" and out of step with the times.

Instead of "His power and His love," Mrs. Rowley sang about "God's power and God's love." "Sons of men and angels say Alleluia" had become "Earth and heaven in chorus say Alleluia."

And in the hymn "Nothing but the Blood of Jesus," the word "bright" was substituted for "white" in the verse "makes me white as snow."

"We're getting used to it," Mrs. Rowley said after the Sunday morning service at United Methodist Church of Port Washington, a congregation organized in 1852. "I want to say that we have to watch our P's and Q's, but really we have to watch our H's and H's."

Before summer's end, some three million copies of the hymnal are expected to be in Methodist churches around the country.

And although the hymnal engendered a storm of controversy while it was being prepared, even well-established Methodist

churches like the one in Port Washington appear to be embracing it.

"I don't feel at home with it yet," said Margaret Victor, a member of the Port Washington church for 33 years, "but I like it."

A few still have reservations, however. "I have it," said Valerie Lau, who joined the congregation 10 years ago. "They took all the poetry out of it. That is how it was written, that is how it was supposed to be. I, for one, have no trouble with God being a man or, for that matter, Christ being a man either."

The hymnal goes to great lengths to purge language that is regarded as excluding women or that denigrates members of racial minorities and people with handicaps.

Although it is called a hymnal, the volume includes prayers, special liturgies and psalms as well.

The revision of the hymnal attracted national attention in 1986 when the editors declared war on militaristic references.

They announced that they were dropping the song "Onward, Christian Soldiers" and some verses of "The Battle Hymn of the Republic," but 11,000 letters of protest changed their minds.

Concern for minorities is expressed not only in language, but in the selection of hymns. Among the new Spanish selections are "Camina, Pueblo de Dios" ("Walk On,

O People of God") and "Una Espiga" ("Sheaves of Summer").

"Heldayan" is a hymn of American Indians, and "Send Your Word" has Asian roots.

Out of the black church tradition come "Alas! And Did My Savior Bleed" and "Come We That Love the Lord." Also out of black culture are "We Shall Overcome," "Kum Ba Yah" and "Come Sunday," the last with words and music by Duke Ellington.

"We are seeing an inclusiveness that we have not seen before," said the Reverend Ivan J. Roberts, pastor of Grace United Methodist Church in Brooklyn, New York.

His church is made up almost entirely of West Indian blacks. "Our members are very excited about it," Mr. Roberts said.

He denied that blacks were "oversensitive" in wanting changes in such verses as "white as snow."

"The imagery of black as sin and white as good is something we must move away from in our society," he said.

The singing of hymns is central to Methodist worship. The denomination was founded in the 18th century by John Wesley. His brother, Charles, wrote more than 6,000 hymns, many still sung today.

One of his popular lines, the climactic verse of "O for a Thousand Tongues to Sing," written in 1739, was nearly left out of the hymnal because of its reference to

"ye deaf," "ye dumb," "ye blind" and "ye lame." The verse was retained, but with an asterisk and a comment: "May be omitted."

The new hymnal goes further in its acknowledgment of contemporary concerns than any of the other recent major denominational efforts, including the 1978 Lutheran Book of Worship and Hymnal '85 of the Episcopal Church.

Although most of the Methodist changes are in the songs, some services have been altered. In the wedding rite, for example, the father no longer gives away the bride.

When it comes to women's issues, the Methodist hymnal strikes a middle ground.

Traditional male imagery of God, such as "Father," "Master" and "King" have been retained, although masculine pronouns are omitted.

But references to all people as "men" or "brothers" or "sons" have been revised. For example, the hymn "Good Christian Men, Rejoice" was changed to "Good Christian Friends, Rejoice."

In the communion service, however, the words "Father Almighty" are retained. And the editors in fact rejected a hymn titled "Strong Mother God."

Still, female attributes are ascribed to the Deity in some hymns. For instance, one begins: "The care the eagle gives her young, safe in her lofty nest, is like the tender love of God for us made manifest."

1990 May Be Republicans' Year in Massachusetts

By Howard Kurtz
Washington Post Service

BOSTON — William F. Weld, a former Justice Department official who is well-known here from his days as a crusading prosecutor, has made it official: He is running for governor of Massachusetts next year.

In normal times, that might not be big news. Mr. Weld is, after all, a Republican and the party has not won a statewide race in Massachusetts in 17 years. Republicans are outnumbered 4 to 1 in the legislature, shut out of the state's two U.S. Senate seats and hold just one of its 11 House seats. Fewer than 400,000 of the state's three million registered voters are Republicans.

But these are anything but normal times in Massachusetts politics. Voters are angry at Governor Michael S. Dukakis, angry at the budget mess that left the state unable to meet its payroll this week and angry at a Democratic leadership that has been distracted by ethics charges.

Today, Democrats say, most voters feel betrayed by the governor. By all accounts, the public is angry that he lost the 1988 presidential race, which appeared winnable, that he failed to defend Massachusetts against attacks from George Bush during the race and that he was not candid about the fiscal problems that have since mushroomed into a huge state budget deficit.

"Mike was going around talking about the 'Massachusetts Miracle,'

and all of a sudden, bang, it all collapsed," said Francis X. Bellotti, a former attorney general.

Clearly, strategists say, the 1990 campaign to succeed Mr. Dukakis, who is not seeking re-election, offers the Republicans their best chance in a generation to break the Democratic hold on the state.

"The Republican Party, which has been fractionalized and disorganized in the past, is more united, focused and better financed than it was in 20 years," said Alexander Tennant, the party's executive director. "The working people of this state are facing higher taxes to pay for Democratic mismanagement, cronyism and corruption."

All this is a far cry from the 1986 gubernatorial campaign, when the Republicans' first nominee dropped out after reports that he sometimes appeared naked in his office, the second quit after acknowledging that he had exaggerated his war record and the third was defeated by Mr. Dukakis.

The Republican Party's long decline began in 1974, when suburban reformers took over the Democratic Party and helped Mr. Dukakis defeat the liberal Republican governor, Francis W. Sargent. Conservative Democrats helped dump Mr. Dukakis in the 1978 primary, but after he was re-elected in 1982, a surging economy and generous spending broadened the party's grip on the electorate.

Mr. Weld, a wealthy criminal lawyer, is something of a throwback to the Brahmins who domi-

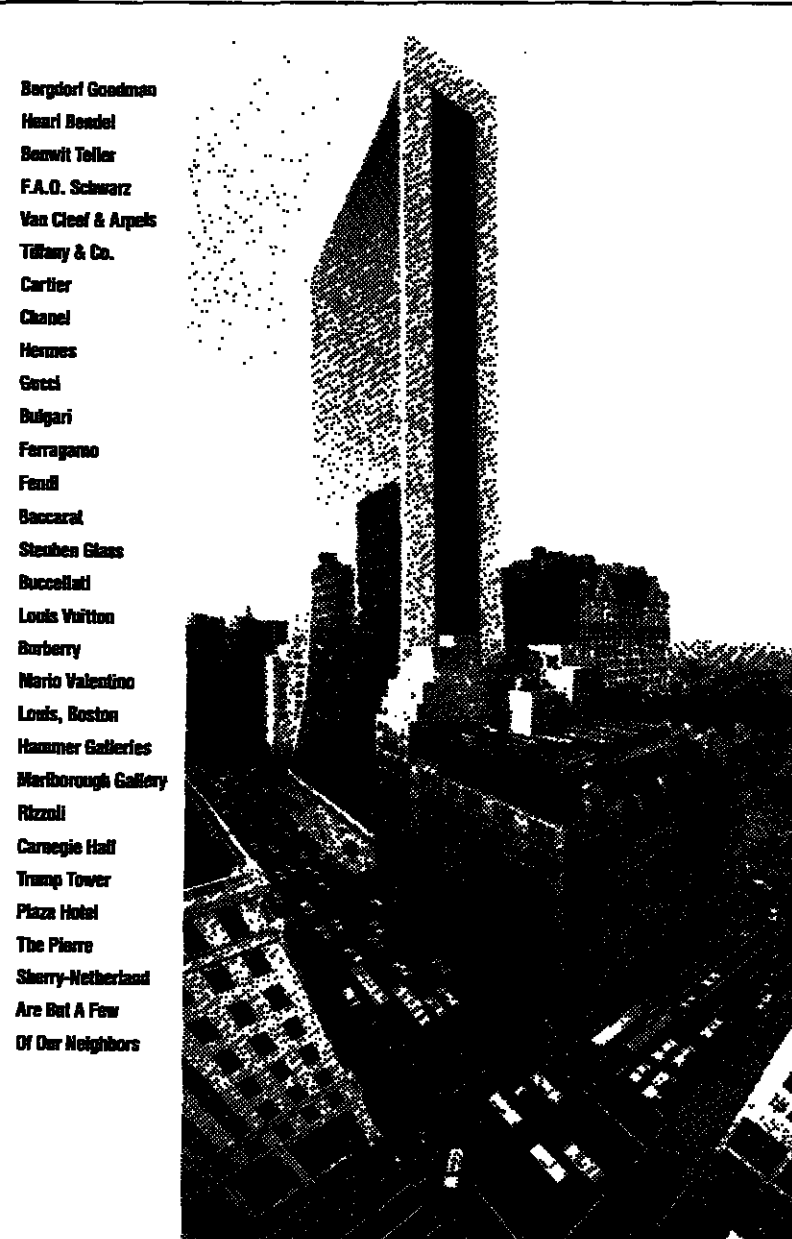
nated the state Republican Party in the 1960s, when it was a moderate, good-government party.

Mr. Bellotti and Lieutenant Governor Evelyn Murphy, both undeclared Democratic candidates for governor, must decide how far to distance themselves from Mr. Dukakis.

"I'm not going to knock Mike Dukakis," said Mr. Bellotti, 66, who campaigned for Mr. Dukakis in the presidential race. But he added, "You've got to tell people the

truth; you can't keep telling them it's going to get better next month."

Ms. Murphy, 48, who has been given little real power by Mr. Dukakis, still calls him "my greatest asset" and said she will not join in "the kick-the-dog phenomenon."



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NIMEIRI DENIES COUP ATTEMPT — The former president of Sudan, Gaafar Nimeiri, denied in Cairo on Tuesday that he was involved in an attempt to overthrow the Khartoum government. Sudan said it arrested 66 persons in the alleged plot, which it linked to "the feverish activities of the bloodthirsty Nimeiri in Egypt." Mr. Nimeiri, who ruled for 16 years, was deposed in a coup in 1985.

Civil War in Sudan: Hyenas and Hunger

By Mary Battiata
Washington Post Service

YIROL, Sudan — The southern Sudan, already one of the world's least accessible and least developed regions, has been pushed by six years of civil war into a new kind of Stone Age characterized by extreme isolation, disease and widespread hunger.

The rebel Sudanese People's Liberation Army took up arms in 1983 to redress what its leaders say is the economic and political domination of the south by the more developed and prosperous north. But so far, the war has worked to erode the few supports that girded already precarious lives.

In Yirol, a once-flourishing cow town 1,000 kilometers (600 miles) south of Khartoum, the capital, the war has driven half of the people into the surrounding bush, closed all schools and interrupted the Nile River trade that traditionally helped people survive periodic cycles of drought, flood and famine.

The town's hospital, a solid structure that once boasted 209 beds, is now stripped, filthy and barely functioning. The only doctor fled during the worst of the fighting and has not returned. In the mortuary, human skeletons on cowhide stretchers lie where corpses were dropped four years ago by fleeing attackers.

The hyenas have come, too. Hyena attacks on humans, once unheard of, have become common in Yirol and other southern Sudanese towns. They began three years

ago, after a battle between government and rebel soldiers left 3,000 corpses on the ground. The scavenging hyenas swept through the battlefield.

"The hyenas tasted the human flesh and found it delicious," said Alfred Kon, an elderly medical assistant. Now, hyena packs prowl the town streets after dark, pacing around the abandoned hospital, preying on the sickly people who have come in from the countryside looking for food.

Hoping to prevent a recurrence of the war-exacerbated famine that killed an estimated 250,000 southern Sudanese last year, the Red Cross has begun stockpiling food and medicine in Yirol and other southern towns. It also has been cleaning the hospital, but the work is slow and the task enormous.

Yirol's remaining medical staff consists of three elderly nurses who report dutifully to the hospital each morning. The three men stand in the reception room, recording names and symptoms in a dog-eared notebook. They have little more than sympathy to dispense.

Since the fighting began, there have been no antibiotics or vaccines. Hyena bites, puncture wounds, even scrapes, often turn gangrenous and fatal. Tuberculosis is rampant, infecting an estimated half the population. There is epidemic malaria, river blindness, Guinea worm, sleeping sickness and schistosomiasis, a disease caused by a worm, as well as rabies and severe venereal diseases.

"We have no flashlight, no batteries, no candles, not even a bicycle to go to the sick in the night," said Mr. Kon. "I myself do not have even a pair of shoes," he said, pointing to an infected cut on his bare foot.

Retreating government troops dropped animal carcasses into some drinking wells and plugged others with cement, according to the local people, so clean water is in short supply. Waterborne diseases and parasites are common.

At the orphanage, there are 600 children left homeless by famine and war — many thin, some emaciated.

There have been no traders through Yirol in more than five years, according to residents. Even the most rudimentary manufactured items are no longer available. There are no fishing nets, no plowshares. Blacksmiths in a nearby town have tried to make plowshares from old car fenders, but the edges do not hold.

Last year, unusually heavy rains around Yirol drowned the sorghum crop and killed an estimated one-third of the cattle. That disaster was preceded by a locust infestation and two years of drought. Many of the people now have little or no grain to see them through the coming rainy season.

In peacetime, the grain shortage would be a problem but not necessarily a catastrophe. A farmer could simply drive one of his cows to town, sell it, and use the money to buy grain at the market.

But because of the war, there is no cattle market, and no grain for sale. The nearest big town is a three-week walk through contested territory, much of it seeded with land mines, and few attempt the journey.

Instead, more than 8,000 of the cattle-keeping Dinka people have converged on Yirol. They live in partly collapsed huts abandoned during last year's flood. The broken walls leave them vulnerable to the marauding hyenas. By day, the refugees stand around a square near the Red Cross grain warehouse and wait for food distribution.

Townpeople say they hope the presence of the Red Cross will lure their doctor back.

■ Pope Gives \$50,000

Pope John Paul II has given \$50,000 from Vatican funds to help feed the starving in Sudan, Reuters reported from the Vatican.

Mozambican Rebels Say 59 Soldiers Die in Raids

Reuters
LISBON — Mozambican rightist rebels said Tuesday that they had killed 59 government and allied soldiers and wiped out a military convoy in recent attacks.

In a statement released in Lisbon, the Mozambican National Resistance Movement said its guerrillas destroyed 25 trucks, which were heading for the northwestern town of Tete.

Panel Finds 'Disarray' In U.S. A-Arms Storage

By Bill McAllister
Washington Post Service

WASHINGTON — Security and environmental controls have been so lax at nuclear arms plants in the United States that assembled nuclear weapons were stored for years "without adequate protection" at the Los Alamos National Laboratory in New Mexico, a congressional subcommittee said.

The oversight subcommittee of the House Energy and Commerce Committee accused the Energy Department and an unidentified military contractor of allowing what it called "this potential disaster" to go unchecked, but provided no details of the finding. The subcommittee said the problem was corrected only after it had complained.

The subcommittee said the discovery was typical of the "disarray" it found in health and safety conditions at the 17 nuclear weapons facilities during a three-year investigation.

The subcommittee report criticized the Reagan administration and the former secretary of energy, John S. Herrington, for masking conditions at the plants. It said they had left the Bush administration with "a crisis of the highest order."

The report was drawn up largely before the Justice Department began its criminal investigation at the Rocky Flats nuclear weapons factory outside Denver for safety violations in handling toxic chemicals.

The subcommittee found that weapons plants were being run by people determined to increase weapons production regardless of safety considerations.

Mr. Herrington and his aides, the report charged, used a "buddy bonus system" to grant high bonuses and awards for production to officials, despite their having consistently failed to pay attention to health and safety issues.

The Department of Energy's practice of emphasizing production over health and safety is a sure-fire prescription to guarantee that workers and the public will be placed at unnecessary risk," said Representative John D. Dingell, Democrat of Michigan, chairman of the committee and the oversight panel.

The deputy energy secretary, W. Henson Moore, acknowledged many of the criticisms and announced "a fundamental change of priorities" at the plants, saying safety and health issues would hereafter be "the first priority."

5 Laymen Will Oversee Vatican Bank Reform



José Sánchez Asain, one of the five laymen who will oversee the Vatican bank starting in July.

VATICAN CITY — The Vatican reached into the highest ranks of worldwide banking and finance on Tuesday to select five Roman Catholic laymen to oversee the Vatican bank when its president, Archbishop Paul Marcinkus, hands over control next month.

Named to the supervisory council were Thomas Maciocce, a New York lawyer and former chairman of Allied Stores Corp.; Angelo Caloia, president of Italy's Mediobanca; José Ángel Sánchez Asain, president of the Spanish Banco Bilbao Vizcaya; Philippe de Weck, a former president of Union de Banques Suisses; and Theodor Fietzner, a director of West Germany's Deutsche Bank.

A Vatican spokesman said the five have assisted the church in the past. Mr. de Weck, for example, was one of three outside examiners who studied the Vatican bank's dealings with Banco Ambrosiano. Mr. Maciocce has advised Archbishop John J. O'Connor of New York.

The council will meet July 18 for the first time.

Archbishop Marcinkus was embroiled in a damaging scandal in 1982 that linked the bank, known officially as the Institute for Religious Work, to the collapse of the private Banco Ambrosiano in Italy.

The commission will supervise administration and oversee financial activities. It marks the first time that laymen have exerted such control.

The Vatican bank's balance sheet is secret, but the spokesman said the commission has the power to make it public.

The Vatican's banking organization owned a small part of Banco Ambrosiano.

Spanish Fugitive Gains Immunity

Reuters

MADRID — A fugitive former Spanish tycoon who won two seats in the European Parliament celebrated his victory and his freedom Tuesday.

Judge Adrian Varillas dropped an arrest warrant against José María Ruiz-Mateos, head of the expropriated industrial holding Rumasa, because he now enjoys parliamentary immunity.

Mr. Ruiz-Mateos, who faces charges of fraud and assaulting a former government minister, was granted unconditional liberty. His maverick party, the Group of Voters of Ruiz-Mateos, shocked politicians by gaining 3.85 percent of the vote in Thursday's election.

Botha Declines His Farewell

Reuters

CAPE TOWN — President Pieter W. Botha has refused to attend a farewell banquet planned in his honor by South Africa's ruling National Party.

A party source said officials began Tuesday to contact the 370 invited guests to tell them the dinner planned for June 28 was off. Frederik W. de Klerk was nominated earlier this year to succeed Mr. Botha in September.

Political sources in Cape Town said the 73-year-old president was upset about what he saw as his cavalier dismissal from power and was refusing to be honored by the party that he had served for more than 50 years. The sources said Mr. Botha also refused to attend the last meeting of the parliamentary caucus last month to hear tributes from legislators.

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To Old Hands, China Feels Distressingly Familiar

By Richard Bernstein
New York Times Service

BEIJING — Swept up in liberalization and a mood of relaxation until a few weeks ago, China suddenly seems more familiar to people who lived or visited here 10 or 20 years ago than to those who may have arrived recently.

It is not that China has returned to the days when the population was awakened at 6 A.M. by loud-speakered propaganda or when it was an offense, punishable by a "struggle" meeting, to wrap garbage in a newspaper bearing a photograph of Mao.

But the repression sweeping China has brought back many once-common practices and controls, from the numbing repetition of a few authorized statements to a modest cult of personality.

Television reports of trials of "thugs" who were said to have attacked troops during the crackdown two weeks ago illustrate the point.

For a time, China made efforts to open up its criminal procedures, trials being attended by foreign journalists and other observers; a system shrouded for decades emerged into the open. But this

week, when journalists asked authorities if they could attend one of the "open" trials of people involved in the recent protest movement, they were told that it would be "inconvenient at present."

The all but absolute management of information and the practice of conducting ostensibly public affairs behind closed doors are among the practices that lately seemed to be falling into abeyance.

To see them again sparks a shock of recognition to Chinese and foreigners alike whose memories reach back to the 1960s and 1970s, when China was not only far more secretive but also more closed in on itself than in recent years.

"This is a place I recognize," an Italian journalist, absent for several years, said on his return after the crackdown two weeks ago. He had read accounts of a China far different from the one he knew when he lived here in the early 1980s. It is, he said, far less different now.

"After these few relaxed years, these changes will have a deep psychological impact," one analyst said. "People will think that China is moving backward, no longer forward."

In fact, the backward move does not represent a wholesale reversion

to the Maoist era, when even the right to a private sphere of life went unrecognized.

It is not yet forbidden in China to listen to foreign radio broadcasts, to play Beethoven or to try to get rich or married without the permission of the local Communist Party secretary.

The situation of the last two weeks is perhaps well represented by the anchorwoman on the evening television news.

She is chivalric and dressed in a pink silk blouse, a style that would have been condemned as "bourgeois" in the worst of days past. But she presides over broadcasts reminiscent of saturation propaganda campaigns unknown in this country for years.

In Monday's edition, for example, a coal worker from the north-east was shown expressing his anger at those who conducted the "counterrevolutionary disturbance" in Beijing. The unrest, he said, was aimed at "overthrowing the Communist Party and the socialist system and at beating, smashing, looting, burning and killing."

Two minutes later, the anchorwoman read a statement by a local party leader. Word for word, in-

cluding the "beating, smashing, looting, burning and killing," the statement was the same.

That reminded some that in the early to mid-1970s practically all Chinese felt constrained in public to utter only a few correct phrases and little else — a stark contrast to the free-wheeling discussions of recent years.

China specialists attribute some of the resuscitations of past practices to the current prominence of the group of aging revolutionary veterans who, amid the recent challenge to their authority, automatically fell back on older, familiar ways of doing things.

The ceaseless repetition of the same few phrases is, in that sense, a sign of the revival of another once-common technique that had fallen into disuse — the mass-propaganda campaign to establish the leadership's authority.

The overall changes could be described as ones of mood and degree.

Propaganda and sloganeering, government secrecy and political intimidation, have never entirely ceased in China. But those with long memories say that the intensity of the present repression has not been reached since the moderate

party faction, led by Deng Xiaoping, returned to power in the late 1970s.

For example, analysts say that they cannot remember a time since the death of Mao and the arrest of his closest followers when the speech of a leader became the basis for a mass campaign.

But remarks made by Mr. Deng to the Military Affairs Commission more than a week ago have not only had wide publicity — although Mr. Deng's actual words have not been made public — but have become the objects of a national study campaign being promoted daily in the state-controlled news media.

The emerging pattern of political life also bears striking resemblances to one that had virtually disappeared for more than a decade, that of a new unpredictability at the top.

One of the clear goals of Mr. Deng's leadership was to establish a kind of schedule of government, to run things according to clear rules. Hence, since about 1983, key meetings of the party or of the National People's Congress, China's parliament, have been announced in advance and held on schedule.

Now, for the first time in several years, the leadership seems likely to return to its older method — to hold meetings in secret and to announce them only later.

In a subtle but perhaps telling shift, Mr. Deng, chairman of the Military Affairs Commission but not of the Communist Party, is being referred to as Chairman Deng.

To be sure, the modest cult of personality growing up around him falls far short of the mass adoration of Mao, during which his name and picture were ubiquitous and his every word was given Delphic authority.

And yet, one of Mr. Deng's stated goals when he returned to power more than a decade ago was for old leaders to step aside in favor of younger ones. Like Mao, however, Mr. Deng has destroyed younger figures that he himself appointed.

Analysts say that, in allowing a cult to grow up around him now, Mr. Deng seems to be returning to an effort to re-establish the authority and prestige of the party as the sole source of wisdom and legitimacy.

One result is the constant repetition of slogans that had almost disappeared, such as: "Without the Communist Party, there would be no new China" and "Love the party, love the socialist motherland."

In the last few years, particularly in speeches at party congresses, such slogans have been occasionally spoken, particularly by the veterans of Mr. Deng's generation, but they have not been parts of intense campaigns to build up the party's authority.



The police in Beijing on Tuesday questioned a prisoner identified as Liu Gang of Beijing University, a leader of a now-banned independent student union and one of 21 activists wanted nationwide. The police said they arrested Mr. Liu, 28, on Monday in Baoding, 145 kilometers southwest of Beijing.

Some Guesses and a Wall of Silence: Beijing Death Toll Remains Elusive

By Nicholas D. Kristof
New York Times Service

BEIJING — More than two weeks after the army killed demonstrators and onlookers in the center of the capital, there still is no evidence to support some of the higher casualty estimates, such as the official U.S. estimate that 3,000 died.

Nor is there any evidence to support the government claim that 100 or more soldiers were killed by "ruffians" during what it describes as the suppression of the "counter-revolutionary rebellion."

The number of deaths will probably never be known, but based on available evidence it seems plausible that only about a dozen soldiers and policemen were killed, along with 400 to 800 civilians.

Some of the early estimates of thousands of deaths, including the U.S. estimate, were based on reports that the Chinese Red Cross had counted 2,600 dead. But it has denied saying any such thing, and this seems to have been an offshoot of rumors that variously used 2,600 for the number of students who were missing and the number of students who were killed.

"We'll never know for sure how many were killed, unless the Chinese government gives out more information," said a Western diplomat who has followed the matter closely. Beijing has hampered investigations by instructing hospitals and crematoriums not to release any figures.

In addition to an estimated 400 or 500 people who may have died in hospitals, who were taken to hospital morgues or whose bodies were recovered by students or other citizens, dozens or perhaps even several hundred bodies were burned by troops.

On Tuesday, authorities announced the arrest of one of the nation's most-wanted student leaders, along with a student accused of passing on "rumors" to a U.S. reporter.

The leader was Liu Gang, a 28-year-old graduate student in physics who was a key figure in the pro-democracy movement that was crushed early this month by army troops in the capital. Mr. Liu was generally believed to play an important role advising other members of the unofficial student

association that organized demonstrations and hunger strikes.

He was the sixth on a most-wanted list of 21 student leaders to be arrested or to turn himself in. None of the students have yet been tried; all 11 workers tried so far have been sentenced to death for participating in violent protests.

Chinese television announced that Mr. Liu was arrested in Baoding, 145 kilometers (90 miles) southwest of Beijing.

Like most of the other students who have been arrested, Mr. Liu appeared calm and composed during his interrogation. There were no obvious signs that he had been beaten, as many of the workers seem to have been by the time they were shown on television.

The other arrested student is Zhang Weiping, a resident of the eastern city of Hangzhou, who allegedly called Voice of America's Beijing bureau to report that the Zhejiang provincial government had lowered its flag to half-mast to honor pro-democracy demonstrators killed in Beijing during the military crackdown.

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ARTS / LEISURE



Dizzy ("a couple of words") Gillespie and Max ("hip-hop to bebop") Roach during their Paris duet.

Ambassador Gillespie, Professor Roach

By Mike Zwerin

PARIS — Last week Ambassador Gillespie and Professor Roach were breaking croissants across the breakfast table, talking it down near the Eiffel. A journalist from the Land of Ooble-dee was a fly on the wall.

For several decades, it appeared as though these two founding fathers of bebop, what Roach prefers to call "the music of the 20th century" (the freedom and joy of which changed the journalist's life) had taken seemingly independent ways.

With his powerful girth and flights of fancy, Gillespie—71 and as close to a guru as you'll find in New Jersey—dedicated himself to fathering the tradition. When fellow trumpeter Miles Davis was one of his crowning sulks, Gillespie told him that God had given him a great gift and if he didn't use it soon God was going to take it back. He brought Bird and Clifford Brown to New York. The State Department sent him around the world as an ambassador of good will. Roach calls him "The Gatherer."

The 65-year-old percussionist took a more eclectic route including composition, abstraction, lecturing and rap. With a sliver of irony, Roach describes this road as "from hip-hop to bebop." He encouraged people like Anthony Braxton who were "perpetuating the continuum." Last year, he received a \$372,000 grant from the MacArthur Foundation. Professors call him "Professor."

It would be misleading to refer to them as "elderly." Implied wisdom rather than a mere collection of years, "elder" might do—though even that is insufficient. They remind the journalist of the small, smiling Buddha on his desk whose head he rubs to encourage his sense of humor.

Last March 23, the trumpeter and the drummer appeared on stage in the Parisian suburb of Bobigny. They had not collaborated in years, at first glance they might appear to make an awkward duo, no matter how dynamic. Not so.

"There are many ways to get to the same place," Gillespie said. Asked how the collaboration came to be, Roach explained: "They asked us."

You wonder why nobody asked before, but it is a delicate question not many promoters are capable of phrasing with proper aplomb. This

is Ambassador Gillespie and Professor Roach, but at the same time, Dizzy and Max are very much part of the picture. A promoter must combine the respect due the former with the *jeu de vivre* of the latter.

Before Bobigny they rented a rehearsal studio in New York. Gillespie recalled how Bud Powell's mother would not allow her young son—they were all still in their teens—to leave home and play piano with "us crazy boys." Between other stories, he never took his trumpet out of its case. Roach played not one parade but a recording later in the year.

Now we are back to last week, the breakfast table. The Gatherer and the Professor were "talking down" another Paris concert. Tonight there would be a band—Phil Woods, Stan Getz, Jackie McLean,

Percy Heath, Milt Jackson, Hank Jones and Billy Eckstine, who had all just been named Officers of Arts and Letters by the Ministry of Culture.

Dedicated to Charlie Parker, the concert was billed as "one of the most glittering celebrations of the bicentennial of the French Revolution." The connection here is not clear. All of these beboppers are not republican, though they are certainly capable of taking the Bastille without primaries. Before rising for a photo portrait, Gillespie and Roach were informed that a hoary impresario had recently predicted that when they and their peers pass away there will be nobody to replace them and jazz will be dead.

"I hope he's right," agreed Roach, double-time. "Then we can finally just call it the music of the people who make it." Mr. Gillespie's music, for example. Like they say "Stravinsky's music."

"This music is too deep to just go away," Gillespie affirmed. "And it's too demanding to ever get tired of playing it. There are always new wrinkles. I was listening to Ravel, and I heard a resolution I'd never

heard before. So I put that harmony in with another melody on the piano and it worked."

"Maybe we should talk more about our influence on them," Roach said. "The French think they invented jazz."

Indeed, the French writer Boris Vian once informed us (with tongue out of joint) that the flattened, otherwise known as diminished, fifth—bebop's key interval—was invented by the Emperor Charles V, who "diminished by the amputation method and whom we salute as the precursor of bebop."

That evening, it all seemed to make perfect sense in La Grande Halle de La Villette as the Emperor's benedictine descendants, principled mercenaries worth every ECU, waited a set of thanks to Robespierre in Bird's name.

Before riding off into the sunset, we must cite The Gatherer's acceptance speech after being named Commander of Arts and Letters by Minister of Culture Jack Lang. "I just have a couple of words to say," he said, "so I'll say them. 'A couple of words.'"

And the Professor says: "Dizzy is with me every day of my life."

A Modern 'Frankie and Johnny'

By Michael Billington

LONDON — The off-Broadway invasion of London continues with the arrival of Terrence McNally's "Frankie and Johnny and the Claire de Lune" at the Comedy Theatre.

A hit in New York, it has been

THE BRITISH STAGE

rather smoothly received by my critical colleagues. But it is a genial, funny, life-affirming comedy, buoyantly performed by Julie Walters and Brian Cox.

It deals, very simply, with what looks like being a one-night stand between a gruff, caustic New York waitress and a short-order cook whom she brings back to her West 50s apartment. Bruised and battered by life, she is happy to enjoy a spot of sex but is anxious to avoid the temptations of commitment.

He, however, is a volatile, energetic, determined man, with a passion for quoting Shakespeare, who hungers for a real relationship. Sensing that her loneliness is as profound as his, he almost literally throws himself at her feet. The key question is whether she will have the courage of his convictions or retreat into sloppy solitude.

The play has been dubbed sentimental, but I see nothing schmaltzy in the idea that sex can be a gateway to love and that a couple of sad sacks may make a mid-life go of it. There is something bracing about McNally's optimism, particularly since we're living in an age when, as Frankie says, "we're frightened we're going to die of each other." McNally also writes with breezy candor about sex, captures well the shifts of power in this emotional tug-of-war and, above all, never patronizes the couple.

But the effect of the piece depends heavily on the performers and, although the accents occasionally slip, Walters and Cox give it all they've got.

Cox, a Shakespearean heavy, is equally good as the bash-slinger. He comes on strong as arrogant, bullying, demanding, but Cox always lets you see that, under the cocksure certainty, there is a desperate man petrified of losing the one good thing in his life. Predictable the play may be, but McNally is on the side of the angels and renders the ballad of this modern-day Frankie and Johnny with generosity and truth.

Meanwhile at the Stephen Joseph Theatre in the Round in the Yorkshire town of Scarborough, the extraordinary Alan Ayckbourn celebrates his 50th birthday with his 37th full-length play: a two-

part, five-hour work called "The Revengers' Comedies." Much of the writing is brilliant; but, even though I passionately admire Ayckbourn, I feel about this play rather as Dr. Johnson did about "Paradise Lost" when he said "No man wished it a minute longer."

Two people meet at London's Albert Bridge one midnight both preparing to jump off. The man, Henry Bell, has been ousted from his job by a thrusting corporate pusher; the woman, Karen Knightly, has lost her farmer-lover to his scheming rustic wife. These two decide revenge is sweeter than suicide; but it is Karen who declares

that she will do for Henry's oppressor if he will take care of hers.

It is a situation that leads to some rich, black, vintage Ayckbourn comedy. The scenes where the wealthy, debby Karen takes on the role of a dowdy temp sec to the appalling Bruce Tick and then proceeds to ruin his life by sending erotic nighties to his home address and breathing suggestively down the phone to his wife have a wonderful edgy hilarity. Ayckbourn complicates the situation beautifully by showing the hapless Henry falling hopelessly in love with his intended victim.

But even the ingenious Ayck-

bourn runs out of narrative steam in the second play, and a good deal of water is trodden before we reach a conclusion proving that revenge is its own executioner. I suspect we shall see a lot of trimming and tidying before this reaches London. But it is hard to imagine it being better acted than by the current Scarborough company, with Jon Strickland playing Henry Bell like an anxiety-prone ferret and Christine Kavanagh making Karen a dashing avenger who has clearly been occupied by the devil.

Michael Billington is filling in for Sheridan Morley.

Opera Fireworks From Spain

By David Stevens

PARIS — For various dynastic and historical reasons, Spanish operatic life has often boiled down to imported Italian works or the expatriate activities of Spanish composers who had to go elsewhere to make a living. Both of these have been represented in the current Festival de Paris.

Barcelona's Gran Teatre del Liceu has long been Spain's operatic headquarters, and despite a recent challenge from Madrid, remains a major stop on the bel canto circuit. Indeed, the first opera staged there (in 1847) was Donizetti's "Anna Bolena," so it seems like historical impeccability box-office reasoning to import the theater's recent hit—the same composer's "Lucresia Borgia," with no less than Joan Sutherland, Alfredo Kraus and Marin Dupuy in its main roles.

It is too bad that the whole production could not have been brought in, instead of just the one-act concert performance that packed the Théâtre des Champs-Élysées to the cracking point on Saturday. The staging undoubtedly benefited from the way in which Donizetti's growing dramatic sensibilities responded in 1833 to Victor Hugo's gaudy melodrama. Still, some of the coups de théâtre are audible, such as the simultaneous sounding of Orsini's insouciant drinking song against his funeral chant background, although the composer also had to yield to the omnipotence of the prima donna.

The performance here offered enough fireworks to match those going off simultaneously nearby at the Eiffel Tower. Kraus, in splendid youthful form, caused a prolonged interruption with his final-act aria, as did Sutherland on more than one occasion—the soprano's

middle register is as rich and expressive as ever, and the top notes are now edgy but still there. Dupuy, the splendid French mezzo, tossed off her brindisi with brilliant abandon. Michele Pertusi's light baritone was well handled, if not quite menacing enough for Don Alfonso, while the veteran Piero de Palma was a model of sinister aplomb as a Ferrarese KGB man. Richard Bonynge was the knowing conductor, and the Liceu's orchestra and chorus were in fine form.

Earlier, the festival brought a concert performance—with Jordi Savall conducting excellent soloists and La Capella Reial—of Vicente Martín y Soler's "Una Cosa Rara."

The encyclopedias report that this Spanish composer made it to Vienna in the 1780s, where he was as popular as Mozart, if not more so. He also shared a librettist with Mozart—Lorenzo da Ponte—and if he is known today it is because Mozart borrowed a tune from the first finale of "Cosa Rara" for one of the musical jokes of the banquet scene in "Don Giovanni."

And that is probably all anyone but the specialists needs to know about "Una Cosa Rara," which turned out to be a charming, typical and somewhat boring period piece. Why Martín y Soler disappeared and Mozart did not turn out to be no mystery at all.

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Cliburn Comeback a Triumph

By Joseph McLellan

PHILADELPHIA — It became obvious before Van Cliburn played a note here Monday night, that his concert, with Stanislaw Skrowaczewski conducting the Philadelphia Orchestra, would be a triumph.

The gangly, curly-haired Texan, still looking remarkably boyish at 54, was greeted with a standing ovation as he walked onto the stage of the Mann Music Center. When it turned out that he had come to talk for a minute before playing ("This is a very sentimental evening for me . . ."), the outdoor crowd of more than 10,000 became still. But the applause came back as soon as the situation would allow.

The crowd applauded even after the first movement of Tchaikovsky's Piano Concerto No. 1. After the concerto's final chords, the storm broke: a half-hour of standing ovations interrupted only by encores. It might have gone on longer, but the Philadelphia Orchestra, which had sat respectfully

watching Cliburn take bows, was about to go into overtime. In the end, Cliburn fully justified the applause, with his music as well as his words (" . . . classical music is here to stay; it will always have an audience. No fad or fashion will

The years slipped away, he was back in contact with an audience.

over replace the permanent values found in the great classics . . ."). But for a while the words were easier to enjoy than the music. Could he have been nervous, this man who had become a legend before he was 25; whose recording of Tchaikovsky's Piano Concerto No. 1 was the first classical record ever to sell a million copies? It seemed that way for a few minutes when he launched into his first assignment of the evening: Liszt's Piano Concerto No. 1 in E-flat.

His tone was dry for the first minute or two, his phrasing choppy; the music conveyed neither technical brilliance nor emotional warmth. But gradually he took hold of the music, built it to its first thundering climax, and almost visibly relaxed. The long, dry years slipped away, and he was back in contact not only with a piano but with an audience. The power came back into his shoulders, then the subtlety—more, perhaps than he had shown before, going into his long exile from audiences.

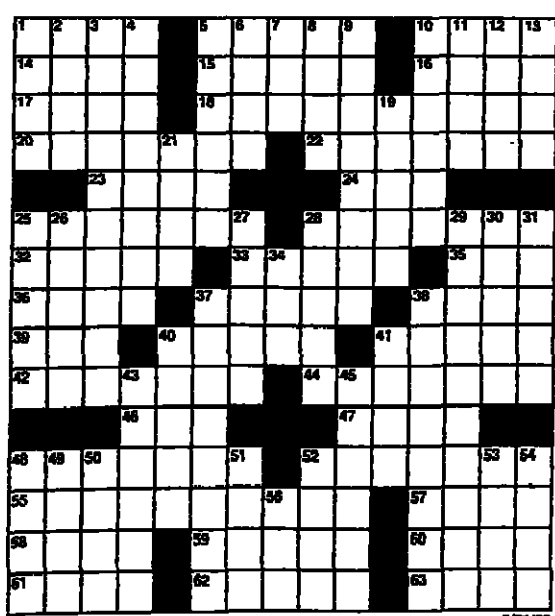
First, it became apparent that Cliburn had not forgotten how to play a concerto; then it began to seem possible that he had something new to say, that he had actually grown in the 11 years since he withdrew from the stage. That had simply not been possible in the two hectic decades between his 1958 victory in the Tchaikovsky Piano Competition in Moscow and his retirement from the concert stage.

It is too early to say how much Cliburn's style has changed, if at all. And the Liszt and Tchaikovsky works he chose for this gala return concert (a benefit for the decade-old Mann Music Center) are hardly ideal for showing certain subtleties of nuance. We may have to hear him in a few Mozart concertos to answer some questions about what has happened to him since 1978. On the other hand, he clearly will never need to play a note of Mozart to pack concert halls and make large audiences happy.

Meanwhile, one might estimate that he still has about 90 percent of the pure muscle he enjoyed in 1958. This was no small element in his success in Moscow, a city that has always known and respected power. The other elements in his remarkable technique—speed and accuracy—seem essentially undiminished, at least in the music played here. This included four concertos as well as the two concertos—evidence that he also has remarkable powers of endurance.

Amid the enthusiasm for Cliburn, it should be mentioned that a dozen young American players could easily be found who are technically capable of doing what he did here; standards have gone up since 1958—partly as a result of events such as the Van Cliburn Competition.

But it would be hard to find a pianist anywhere who can communicate with an audience as powerfully, who can generate this kind of excitement. This is partly because he is a legend, but it is also part of the reason why he became a legend.



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- 1 "Batman" prop
- 2 Famed tentmaker

Solution to Previous Puzzle

VERSE HEEL USA
OCEAN INTO ANTI
WHAT SUP DOG ROAD
CLEIN UNIVERSE
GEAR OATH
ALDEN BEAMISH
LOON MUSSLE OME
AUXESIS SLENDER
IDO PEERED BORN
LEANDER SAXES
LOAD STEN
OEGREASE GOMER
HAIL DOCTOREDUP
USES ALTO ERASE
MES MOST DOMEY

- 3 Evening appointment
- 4 Took a reading
- 5 "Lost Horizon" author
- 6 Weight
- 7 Wimple wearer, sometimes
- 8 Killer whales
- 9 Prepare for an opening
- 10 Parts of lanais
- 11 Needlecase
- 12 Lady's man
- 13 ——— majeste
- 18 Where the Achern flows
- 21 Roll
- 25 Actress Debra
- 26 Dwight's opponent
- 27 He beat the odds at Saratoga
- 28 Grows dull
- 29 Kiefer Katsches
- 30 Wend
- 31 Caught cows
- 34 Wire measure
- 37 Kept on a diet
- 38 Colony divided into two states
- 40 Russian coin
- 41 Diamond decision
- 43 Pilots' devices
- 45 Brig
- 46 Stale for Canseco
- 48 Hence
- 50 Light in the Loop
- 51 Poet Teasdale
- 52 "—— way to go"
- 53 Whits at the plate
- 54 D.C. agents
- 56 Opinion

The Daily Source for International Investors.



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INTERNATIONAL Herald Tribune

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Stop Dawdling on Debt

Negotiations to reduce the Third World's foreign debt have stalled over the banks' unwillingness to take the losses. The banks are now much stronger than when the debt crisis erupted seven years ago. Still, they remain unwilling to ease pressure on the debtors. Treasury Secretary Nicholas Brady rightly warns that the losses involved in debt reduction are far less than those that lie ahead if debtor nations' economies continue to stagnate.

Mr. Brady outlined his remedy in March: Third World debtors, overwhelmed by interest costs, need a chance to invest their export earnings in domestic growth. Since the loans will never be fully repaid anyway, he called on banks to write off part of the old debt or work out other arrangements for lower interest rates, or both, and to make new loans. The International Monetary Fund, the World Bank and Japan are helping, but these public resources alone are not enough.

The Third World's total debt is about \$1.3 trillion, of which some \$600 billion is owed to banks. The debtors want the bank debt reduced by half; the banks' offers are much smaller. Mr. Brady set no target, but the IMF's managing director, Michel Camdessus, sided with the debtors in a recent speech.

Banks are negotiating with Mexico, the Philippines and Costa Rica. Mexico mat-

ters most. Its debt is huge, more than \$100 billion, and President Carlos Salinas de Gortari has made a commendable effort to make the economy more competitive. But in six weeks his current treaty with the unions runs out, posing an urgent deadline for a debt deal. A good agreement is crucial to Mexico's economic and political stability. It would also open the way for other debtors. If the results are modest, the political backlash could prove devastating.

A reasonable new proposal from a study group headed by Johannes Witteveen, former director of the IMF, would strengthen the fund's authority to apply pressure on either side by granting or withholding aid. The Witteveen group, sponsored by the United Nations University's World Institute for Development Economics Research, also advocates heftier resources for the fund, particularly from countries with large reserves — like Japan, which is helping already, and Taiwan, which is not.

The critics of the banks by Mr. Brady and Mr. Camdessus are warranted, but their public exhortations underscore the need for stronger official direction. At present, the banks and each debtor government negotiate on their own. Until there is some outside enforcer, it will be impossible to achieve the only acceptable outcome — breathing room for the debtors.

— THE NEW YORK TIMES

New Realities of Defense

Video meliora proboque, deteriora sequor — I see the better course of action and approve it; the worse is the one I take.

Members of the House of Representatives like Thomas Downey and George Hochbrueckner of New York know enough about national security to see the wisdom in the budget cuts proposed by Defense Secretary Dick Cheney. Yet because the Navy's F-14 is built in their home territory on Long Island, they are pressing to reverse his cancellation of the elderly fighter plane. Likewise, supporters of the Osprey, a budget-busting transport plane desired by the marines, insist that Mr. Cheney was wrong to shoot down this aircraft.

These demands have tripped off a political avalanche that threatens to bury any hope of controlling Pentagon spending. Les Aspin, chairman of the House Armed Services Committee, estimates that these additions amount to \$7 billion, requiring an impossible 10 percent increase in the Pentagon's \$70 billion weapons budget.

Adding injury to insult, some of his colleagues have even tried to twist his arm: they threaten to vote against the Midgetman missile, which Mr. Aspin supports, unless he restores the military pork-barrel flow to their districts.

Is there a way to resolve issues of national security? To save Congress from its perverse pursuit of the worse, Mr. Aspin has proposed that his committee vote up or

down on Mr. Cheney's budget, with no changes. This is not a sophisticated way to deal with military spending choices. But the alternative is budgetary chaos.

Mr. Cheney has inherited a weapons-buying program with a price tag far larger than the budgets likely to be approved. If Congress compels him to continue the new excessive or aging programs he is trying to cancel, he will be forced to make haphazard cuts that will seriously erode national strength.

Mr. Cheney's budget has its faults. He made generally minor trims in the budget he inherited and avoided the difficult choices that must soon be made if the Pentagon is to adapt to smaller budgets and changing military threats. Given that his appointment came so late, there was scarcely time to do better.

If the House this year accepts his budget as written, without changes, it will have earned the right to require him to start work on redesigning national defense strategy and related spending decisions. Mikhail Gorbachev's promised scaling-down of Soviet military might has not yet translated into actual reductions by agreement with the West, and premature cuts in American strength could make for disastrous losses at the bargaining table. But given the long lead time in reshaping U.S. forces, it is not too soon to start planning for a defense posture that reflects the passing of the Cold War.

— THE NEW YORK TIMES

S&Ls: A House Triumph

It was a triumph for decency and the basic rules of financial safety. By the astonishing vote of 326 to 94, the U.S. House overrode one of the richest and most pernicious lobbies in Washington to impose a satisfactory capital requirement on the savings and loans banks. It was a vote to protect the public from speculators who want to gamble with the Treasury's money.

The House passed a bill to abolish the whole flimsy regulatory system that allowed this epidemic of fraud and recklessness to develop. In its place the bill would build a far sturdier structure, more resistant to political manipulation and meddling, capable of providing assurance that the present scandals will not be repeated.

Chairman Henry Gonzalez of Texas and his Banking Committee wrote a strong bill, and the House has done its credit with this overwhelming vote to pass it.

Now comes the conference. The crucial issue continues to be the capital requirement — the amount of their own money that an S&L's owners must keep invested in the institution. The Senate's bill is better than present law, but not as good as the House's. Some S&Ls — a minority of them — depend heavily on good will, an accounting fiction, instead of real assets for their capital. Both bills would phase out good will, the House over five years and the Senate over 25 years. The shorter phase-out means greater protection for the federal deposit insurance fund and the taxpayer.

The other major issue in the conference

will be the rules for raising the \$50 billion and whether it is to be on the budget or off. The Senate bill would keep it off the budget, as the Bush administration wants. The House voted to put it on the budget.

That would save the taxpayers a significant amount of money in lower interest, since an off-budget borrowing agency would have to pay a higher interest rate than the Treasury does. But if it goes on the budget it would have to be exempted from the Gramm-Rudman limits on the budget deficit, and the administration fears that it would set a precedent for other exceptions.

That is not a trivial concern, but the House was right. It would be nifty to pay billions in unnecessary interest to preserve a budget formality.

Even though this legislation will provide an enormous amount of money to close up the hundreds of failed S&Ls, that money may not be enough. The bill authorizes another \$50 billion to pay off the depositors of the failed S&Ls, bringing the total outlay for the bailout to slightly more than \$100 billion plus interest. But estimates of the cost of the cleanup are steadily rising.

The dispute over the ultimate total can be left to another day. The urgent thing now is to speed up the job of padlocking the bankrupts and putting the solvent S&Ls under a competent, vigilant system of regulation. The House bill would give the S&L industry a chance to regain the public confidence that, currently, it conspicuously lacks.

— THE WASHINGTON POST

Other Comment

Europe's Momentous Vote

As Europe moves toward a unified market after 1992, its legislature is assuming greater importance and power. The elections to this parliament, moreover, are proving to have a major impact on the national politics of the European Community's 12 member nations. In Britain, Prime Minister Margaret Thatcher lost her first election since taking over a decade ago. This was a real European election with a result that could make the parliament more sympathetic to social and even Socialist concerns than many constituent governments. In West Germany, balloting was far

more focused on national issues as extreme rightist Republicans elected seven deputies. What this signified for West Germany was continued fragmentation of its parties and the prospect that coalition politics of the past 40 years may no longer be counted upon to deliver stability. France found its biggest surprise in the rise of the Greens to continental dimensions. Since pollution recognizes no national borders, the environment looms more and more as a European issue. And the development of an ever-stronger EC will have a direct impact on world trade, investment and the economic leadership of the United States.

— The Baltimore Sun

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Tel.: (1) 46 37 93 00. Telex: Advertising, 61259; Circulation, 61283; Editorial, 61271; Production, 63068.

Directeur de la publication: Richard D. Simmons

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337

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OPINION

With Army Support, China's Moderates Will Be Back

By Harlan W. Jencks

BERKELEY, California — Although hard-liners seem to have the upper hand in China now, moderates remain a potent political force and should re-emerge in important party positions within a year. The reason, quite simply, is that they are backed strongly by the military, and the military is now the strongest political force in the country.

Since 1949, senior Chinese military men have generally resisted extremist policies that threaten the unity of the country or the army. The latest example was the hesitancy of the People's Liberation Army to use force against student demonstrators.

The military was reluctant not because senior soldiers supported the demonstrators; like military men everywhere, they favor discipline and social order. No, many in the army opposed bloody repression because they knew it would do greater damage to China's social order than would the demonstrations.

Moreover, they valued the traditional bond between the people and the army, a bond enhanced by the moderating role the army played during the Cultural Revolution.

It is just now becoming clear how strongly the army opposed a violent crackdown on the students. In May, just after the declaration of martial law, the two surviving marshals of the army, Xu Xiangqian and Nie Rongzhen, published statements calling for social order, and saying the army should not resort to violence.

A few days later, 150 active and retired senior commanders submitted a letter to Deng Xiaoping and the central military commission. They declared that the army should never be used to spill the people's blood —

an explicit rejoinder to Mr. Deng's statement in late April that the party had to be "willing to spill some blood" to restore order.

The signatories reportedly included Defense Minister Qian Qihui and the chief of the general staff, Chi Haotian (who is said to be President Yang Shangkun's son-in-law). Others included former Chief of Staff Yang Dezhong, former Defense Minister Zhang Aiping, former navy commander Hong Xuezhong and former commanders of the Higher Military Academy, Sun Shihun and Xiao Ke.

The 12 days of humiliating failure to suppress the demonstrations peacefully (May 20 to June 2) were largely due to various commanders' unwillingness to use force. Some demurred, made excuses or pleaded illness.

Because some commanders were still opposed to bloodshed, there briefly was danger of an intra-army

split. The danger of civil war was probably never as great as observers thought, however; certainly not as great as it was in 1967. Not even accidental skirmishing between army units has been confirmed.

As always, military leaders acted to preserve unity. A country and army unified behind bad policy is better than civil war for any reason. Once Mr. Deng and the hard-liners consolidated their power and issued clear orders, army discipline did the rest.

Behind the scenes, however, the military moderates will extract a heavy price. Mr. Deng, Mr. Li and Mr. Yung have lost too much face to rule without the support of the moderate senior officers who dominate the army, and economic reforms cannot continue without senior civilian moderates like the chairman of the National People's Congress, Wan Li.

Already, moderates Hong Xuezhong and Qian Qihui have appeared as part of the new power elite.

Events in the next year may well follow the pattern established in the early stages of the Cultural Revolution. In early 1967, the army was thrown into the "Great Proletarian Cultural Revolution" piecemeal, by vague and sometimes contradictory directives from ill-defined radical groups. The crisis came in July, when the Wuhan military region commander defied the Maoist radicals.

The army's main forces were ordered to intervene, leading to widespread fighting between regional and main force units. Military leaders convinced Mao that radical excesses had to cease. The army, and with it the People's Republic, were in danger of fragmenting. Beginning in September 1967, the army reasserted order in Chairman Mao's name — giving a moderate solution a radical label.

In 1989, as in 1967, the army will enforce a moderate victory but allow it to go by a radical name. Hard-liners will initially hold critical positions but moderates will begin emerging or re-emerging within a year.

The reformist former party general secretary, Zhao Ziyang, will be purged and criticized, and make public "self-criticism," just as Deng Xiaoping did in 1967 and 1976. But Mr. Zhao may well be "rehabilitated" in a year or two, for he remains the most popular leader of his generation.

There will be a purge in the party and army. Its extent, intensity and duration — and the identities of its victims — will tell us much about China's future.

It probably will last about a year. It will be much less severe than the Draconian "anti-rightist campaign" launched in June 1957, under remarkably similar circumstances. A brutal crackdown followed a few weeks of free expression in the "Hundred Flowers" movement of 1956 and 1957. Thousands, perhaps millions of "counterrevolutionaries" were jailed, exiled or executed.

But China was isolated in 1957, and soon launched into the "Great Leap Forward." Mao's ill-considered attempt at extreme collectivization and isolated self-sufficiency. Chastened by that experience, today's leaders remain committed to economic reform and opening.

In that respect, the Beijing massacre was a terrible setback but not a reversal. Within a year, China will be back on the track of economic reform, opening to the outside world, and technical modernization. But the reforms will not regain momentum for years. They will be held back by conservative leaders but by the terrible disillusionment, cynicism and fear of the Chinese people.

Similar disillusionment, cynicism and fear stemming from the Cultural Revolution have only recently begun to disappear. Now they have been renewed. Worse, this time the disillusion has spread to foreign governments, businessmen and tourists.

This will cost China dearly in lost trade and technology.

Military professionalism will be another long-term victim of the current crisis. The army officer corps has been thrust back into the political arena after a decade of gradual disengagement. Like all the other reforms, military reform has suffered a terrible setback, but it too will resume. The special bond between the army and the Chinese people, however, is gone.

No passage of time or rewriting of history can restore it.

By the turn of the century, we may well witness democratic reforms in China as unimaginable as this week's Polish elections would have been in December 1981. Eventually, there will be another rewriting of history on the June 3 bloodbath. That version of the tragedy will likely make scapegoats of the 27th Army (which was not solely responsible) and possibly of President Yang Shangkun.

The writer is an associate of the Center for Chinese Studies at the University of California at Berkeley. He contributed this comment to The New York Times.

The People Have a Right To Choose

By John J. Maresca

"All peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development."

Helsinki Final Act, 1975

HOW does this commitment apply to the situation in the Baltic republics? Or in Eastern Europe? Or in Armenia and other parts of the Soviet empire? This is one of the most disturbing but fundamental issues posed by Helsinki, an issue that has remained dormant because of the recognition in the West of its potential explosiveness. But this issue, the unspoken "Basket Four" of Helsinki, is now before us. The West must consider what its position on self-determination will be as the Soviet Union faces a rising tide of nationalism.

The Helsinki document treats the issue in a principle of "equal rights and self-determination of peoples," which follows the principle of human rights, the basis for Helsinki's famous "Basket Three." The heart of the self-determination principle is the language cited above, but the Helsinki document is an interrelated whole in which each principle must be interpreted "taking into account the others." There are clauses on nonintervention in internal affairs, and respect for the sovereignty of (existing) states. These bar pursuit of self-determination through state-sponsored initiatives aimed at undermining existing governments.

But there are also important statements addressing situations like those in the Baltic countries, which assert that "... no such occupation or acquisition will be recognized as legal." This language was inserted in the Final Act by the West partly to maintain the principle that Stalin's annexation of the Baltic states will not be recognized. The Final Act also accepts that peaceful changes in frontiers are possible.

Other provisions of the Final Act underscore the signatories' commitment to carry out their Helsinki obligations which, though not "legally binding," were undertaken at the highest level and therefore have a political and moral binding character.

Since Helsinki, the West has concentrated its efforts on human rights. The Western objective has been incremental improvement in the situations in the Soviet Union and Eastern Europe, not a sudden destabilizing and politically impossible conversion to democratic systems.

This was reflected in the narrowly focused provisions of Basket Three. Though the principle of human rights was established as a matter of interstate responsibility — a landmark accomplishment of Helsinki — the spe-



cific improvements sought were evolutionary. Human rights were of immediate political concern in the West, where the plight of refugees, the treatment of political prisoners, and the drama of the dissidents occupies center stage. Helsinki offered, for the first time, a way to deal with these difficult questions.

Moreover, self-determination in the Soviet Union and Eastern Europe has been an issue of enormous potential explosiveness. It challenges the very legitimacy of those governments, and present Soviet frontiers. At Yalta, the United States and Britain obtained a Soviet commitment to permit free choice of governments in all of liberated Europe.

Although the Soviets have never carried through on this commitment, it has generally been accepted in the West that to press them to do so was confrontational, counterproductive

and dangerous. Even when East Europeans manifested a clear desire for a different form of government — in Budapest and Prague before the Helsinki Final Act, and in Warsaw after it — the West has been circumspect.

But recent events have made it difficult for Western statesmen to avoid the question of self-determination. Eastern Europe is in ferment because of the implications of glasnost and perestroika for Soviet domination of the area. The West cannot now back away from the principles for which it stands. Helsinki's shimmering Basket Four has rather suddenly become a matter for action.

We can no longer separate the human rights issues that we have pursued so energetically from their implications for self-determination. The Helsinki human rights principle required governments to "promote and encourage the effective exercise" of political

rights and freedoms. Surely this means the ability of citizens to choose freely the type of government they want.

Despite the "new thinking" in the Soviet Union, the issue of self-determination remains a delicate and potentially provocative one. Offsetting the West's principled interest in human rights is an equally strong need to avoid instability and possible bloodshed in the East. But there can be no question that the West should stand forthrightly for the inherent right of peoples to self-determination, just as it stands forthrightly for human rights. These positions of principle are our great strength at a time when Mikhail Gorbachev's steps toward liberalization have caught public attention. It is up to us to point out that "free elections" are a sham when only one political party is permitted, and that the Baltic peoples have every right to choose their own path.

If we are to maintain Western moral leadership, it will be by revitalizing fundamental attitudes toward the individual and his place in society.

More difficult is the question of how the West can encourage and assist an evolution toward self-determination by those who strive for it. First, we must begin to discuss the issue, as we did with human rights, in the context of the Helsinki process. This is the principal framework accepted by all concerned for dealing with delicate East-West differences of view, and we should use it. This forum includes the European countries, the United States and Canada, which helps to cushion criticisms. And we should enlarge the discussion of human rights to include citizens' rights to choose their governments.

The current meeting in Paris under the Helsinki framework is an ideal place to raise that issue, as will be the meetings in Copenhagen and Moscow over the next three years.

Our effort need not be confrontational; it will be more effective if it is not. It should be expressed rather as a generally felt Western concern that the obvious desires of peoples must be respected. But to avoid the issue at a time of nationalist demonstrations in the Baltic states and efforts toward increased democracy elsewhere would be to abdicate the Western responsibility to uphold the shared concept of human beings and their relationship to the state. Each generation has its responsibilities before history, and this is clearly one of ours.

The writer, who was deputy chief of the U.S. delegation that negotiated the Helsinki Accord, is author of "To Helsinki: The Conference of Security and Cooperation in Europe." He contributed this comment, which reflects his personal views and not necessarily those of the U.S. government, to the International Herald Tribune.

In the End, Someone Has to Step Aside

ONCE again a leader of the Soviet Union has committed his country to "respect for the right of peoples to self-determination" — this time in a joint declaration with West Germany. But the same document permitted each state "the right to choose freely its own political and social systems." So the pledge remains ambiguous.

One step forward. One step back. In Poland, the government is just now making a public response to its electoral defeat. Prime Minister Mieczyslaw Rakowski has joined several other defeated candidates in announcing plans to resign their government posts. But the same day, the government said that in keeping with its agreement with Solidarity, the next president must be a member of the Communist Party. Solidarity immediately asserted that the accords made no such provision.

Two steps forward. One step back. In China, meanwhile, the government continued a relentless search for leaders of the democracy movement, extracted confessions, displayed bloody and bowed demonstrators on television and spoke endlessly of "traitors."

No steps forward. Two steps back. Can totalitarianism be transformed from within? Put more accurately, have Communist states produced rulers who are willing to relinquish power? Deng Xiaoping proved unwilling even to discuss the question. Will Soviet leaders permit a man who is not a party member to be elected president of Poland? Will they permit such a man to be elected president of the Soviet Union?

Only as we learn the answers to these questions will we know whether communism can transform itself in our time.

— The syndicated columnist Jean Kirkpatrick

Hungary's Bizarre Rite of Exoneration

By Charles Fenyei

WASHINGTON — In October 1956, 200,000 people in front of Hungary's parliament demanded to hear Imre Nagy, a veteran Communist disowned by the party whose brief tenure as prime minister in 1953 had led to the dismantling of Hungary's gulag and the release of political prisoners.

When the congressional, barrel-chested Mr. Nagy finally appeared and addressed the crowd as "comrades," they roared back, in unison: "We are not comrades!"

For most of this century, a Hungarian had to be either a Communist or a patriot, a soldier of the Moscow Helms, a world revolution or an heir of the Hungarian tradition of independence. For most of his life, Mr. Nagy believed he could be both, and in two crises he accepted the prime ministership in the hope he could save the party as well as the country.

But after Soviet tanks poured in on Nov. 4, 1956, to crush the popular uprising, he called for resistance. In the plea-bargaining that followed his arrest, he turned down early offers to join the new government and later offers of a quiet private life. He could not accept the condition attached: a disavowal of the revolution's aims of neutrality and a multi-party system.

After he was finally sentenced to death — a year and a half after the revolution — he was promised a pardon the moment he signed a paper acknowledging having made some unspecified mistakes. He chose martyrdom as the way to resolve his dilemma of his dual allegiance as a Communist and as a patriot.

For 30 years, the location of Mr. Nagy's grave and those of three aides executed with him was a deep state secret. The families' requests to visit the grave sites were rebuffed. This year the party, no longer headed by Mr. Nagy's ally-turned-enemy, Janos Kadar, gave in.

In a progression befitting a new regime upholding the standard of due process, the government first conducted an investigation of where the bodies were, then had the bodies exhumed and agreed, first, to a private reinterment by the families and, in the end, to a public reburial.

Finally, last month, a meeting of the reformist wing of the party decided to accept Imre Nagy as its martyr. Exoneration is a bizarre rite that Communists reserve for those of their comrades who were consigned

to oblivion by a previous general secretary, but who are vindicated in the dialectical fullness of time. Just as the Bedouins hold a ceremonial feast called *shub* to mark the end of a blood feud, the East Europeans' ritual is designed to facilitate the reconciliation of old enemies: the families and confederates of those executed march in the same crowd as those who ordered the executions.

The hunted and the hunter are expected to forgive one another, since everything was done in the name of the party, not out of aberrant personal emotion. The masses bear witness.

Budapest is an Old World capital, where marble monuments to martyrs and bronze statues of liberators are more important than whoever happens to be prime minister — or his opposition. For Marxists and party alike, the past is a presence that is critical in shaping the future, and the present's No. 1 political task is to determine what the past was. The rewriting of history is a task more important than balancing the budget — and is just as constant an exercise.

The crowd Mr. Nagy addressed in 1956 surrounded the equestrian statue of Prince Ferenc Rakoczy, the 18th-century leader of a national uprising defeated by the Habsburgs. Mr. Nagy's rebuffal ceremony took place in Budapest's equivalent of Times Square, presided over by the larger-than-life statues of the nation's champions of independence and not far from the site where the gigantic statue of Stalin was toppled early in the 1956 revolution — and never replaced.

A smaller statue of Lenin, installed in the 1960s, was removed this month. "Cleaning" was the official reason. More likely, the authorities did not want the party's last inviolable icon to get in the way of Mr. Nagy's mourners — and get knocked over.

The party's reformists are confident they can seize the hour, and their leader is another jovial, heavy-set man, Imre Pozsgay, who has nurtured personal ties to the nonparty opposition. In the near future, he or some other Communist will have to find the right response to the thunderous voice of the people that left Imre Nagy speechless at Parliament Square in 1956: "We are not comrades!"

The writer, a reporter with U.S. News and World Report, was born in Hungary and took part in the 1956 revolution. He contributed this to The Washington Post.

The writer, who was deputy chief of the U.S. delegation that negotiated the Helsinki Accord, is author of "To Helsinki: The Conference of Security and Cooperation in Europe." He contributed this comment, which reflects his personal views and not necessarily those of the U.S. government, to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1889: Rabbit Commission

PLYMOUTH, England — Drs. Germond and Loir, representatives of M. Pasteur, who went to Australia with a secret in their possession which they alleged would exterminate the rabbits that are such a pest in that country, returned home yesterday (June 19). They complain bitterly that difficulties were systematically placed in their way. The Rabbit Commission reported that Pasteur's system was not efficient. They, however, refused to allow a public trial of it to be made.

1914: Monarchist Plot?

MADRID — The Portuguese Consul in Spain are watching the proceedings of notable Monarchist refugees from their country. It is believed that the Monarchists are discussing another military invasion of Portugal from the Spanish frontier. Secret meetings have taken place and it is said also that an important conference has been held between a former

1939: Neutrality Pledge

PARIS — Nationalist Spain will be neutral in the event of a European war. This was the news that was communicated to Georges Bonnet, French Foreign Minister, by Felix Lequerica, Spanish Ambassador in Paris, yesterday (June 20). He told M. Bonnet that his Government had rejected an invitation from Rome to sign a military alliance with Germany and Italy. He also repudiated the statement by General Kinkel, chief of the Spanish aviation force, in an interview with the Italian newspaper "La Stampa," that it would be impossible for the Spanish armed forces to remain neutral if Italy became involved in a war. Senor Lequerica assured the French Foreign Minister that these alleged declarations in no way correspond to the views of the Spanish Government.

OPINION

Izzy Stone, Charlie Mohr:
Truth Took a Heavy Hit

By Tom Wicker

NEW YORK — On Feb. 7, 1965, less than a month after Lyndon B. Johnson was sworn in for his own presidential term, Viet Cong infiltrators breached the South Vietnamese security perimeter around an American special forces camp at Pleiku, blew up several U.S. aircraft, killed 8 Americans and wounded 108 others.

Twelve hours later, 49 U.S. carrier planes bombed staging areas and base camps near Dong Hoi in North Vietnam — "in response," the White House said, "to provocations ordered and directed by the Hanoi regime."

The swift U.S. retaliation, however, suggested that the Pleiku attack had been more nearly an excuse that triggered a planned reaction. The U.S. bombing of North Vietnam had begun by mid-March, it was a daily routine.

On Feb. 16, even before the full bombing campaign developed, I. F. Stone wrote in his four-page weekly that "the most important casualty" at Pleiku was the U.S. hope for counterinsurgency warfare in South Vietnam.

"The decision to bomb North Vietnam confessed that after four years... the guerrillas were stronger, better armed, enjoyed more popular support and controlled more territory than when our intervention began in 1961."

Characteristically, Izzy Stone had made a prescient point that was to become of increasing importance as the war in Vietnam wore on for eight more years: Bombing North Vietnam was an ineffective substitute for winning the ground war in South Vietnam.

Another reporter who understood that just as clearly and who published his analysis even earlier was my admired friend and colleague, Charlie Mohr. In The New York Times of Feb. 8, 1965, he wrote of the Pleiku incident:

"[A] small Viet Cong unit, armed with captured [American] weapons and pro-

tested by a lack of field intelligence on the part of the South Vietnamese Army, succeeded in creeping onto the American base and dealing a bloody blow." So the responsibility for Pleiku could be laid "not just to Hanoi but to a failure to prosecute the anti-guerrilla war in South Vietnam itself in a more vigorous and successful way."

By sad coincidence, the bell tolled for I. F. Stone, age 81, and Charlie Mohr, age 60, this past weekend, tolling too for those who cherished them as good friends and great reporters — and diminishing an American journalism that is all too seldom the boldly sounding tocsin its constitutional protection ought to make it.

The incisive reporting of these two clear-eyed journalists provided, at the time of the Pleiku incident, a personal moment of truth for me, and — for those willing to hear it — a clear warning that America was heading down a road of futility and frustration in Indochina.

The war in Vietnam, more than any other experience in my professional lifetime, validated independent, searching, skeptical journalism unshelved to official statements by official institutions.

Such reporting, bred by the war, later played a major part in disclosing the Watergate scandals. It has been and still is, unfortunately, more nearly the exception than the rule of print and broadcast news in the United States.

For years, all through the red-baiting and conformist 1950s, I. F. Stone exemplified that kind of journalism in his one-man weekly reports.

He made a specialty of the documentary sources and the experienced personal insights that most reporters avoid.

Long before the war in Vietnam became generally unpopular, I. F. Stone's unrelenting search for the reality beneath the official facade made him peerless among those few journalists who questioned, in print or on the air, the government's inflated claims.

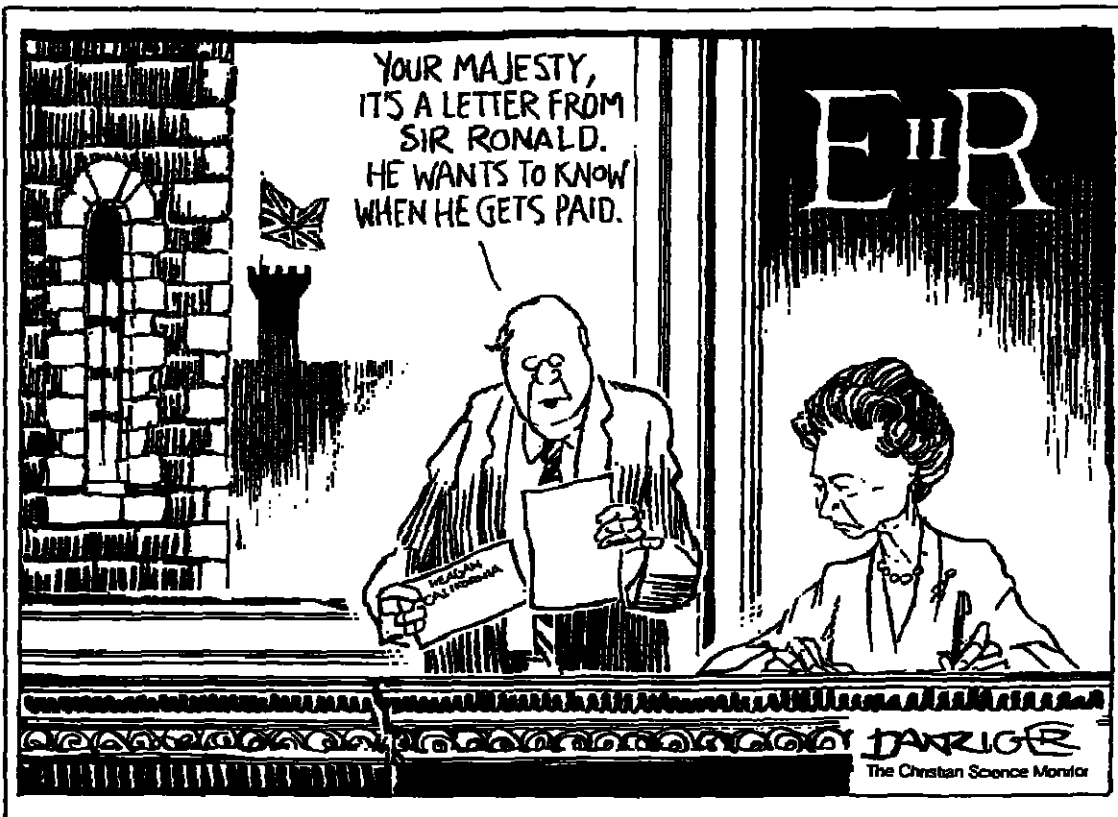
In a more conventional career, from reporting in Lincoln, Nebraska, to Time magazine, Charlie Mohr learned and practiced the same rare values.

When Time failed to publish his reports from Vietnam because they did not observe the government line, he refused to lie down but resigned in protest.

Later in Vietnam, for The New York Times, he became in my judgment the outstanding combat reporter of the war — militarily knowledgeable, unafraid to reach his own conclusions, unflinching under fire, filing stories of sensitivity and compassion that matched their brilliance.

These highly skilled reporters, these warm and generous men, different in many ways but alike in courage and integrity, unfailingly honored their profession. Its practitioners could most truly honor them by emulation.

The New York Times.



LETTERS TO THE EDITOR

Going Home, or Is That What They Call Phased Re-entry?

Regarding "Home to a Strag, Scared America" (Meanwhile, June 6):

The bashing of America along with the blind adulation of virtually all things European sounds familiar. We in the Foreign Service are normally not allowed to remain in a country more than four years, because it is feared that beyond that point we may lose objectivity and begin to assume that the foreign post is always right and the United States always wrong.

We are also counseled that re-entry into the United States will be accompanied by a culture shock just as severe as that experienced overseas. That is, from the third or fourth month through the end of the first year, we may find our homeland disappointing, frustrating, and unable to measure up to wherever we last lived. Fortunately, this phase passes without lasting harm.

To avoid embarrassing them, it might be humane to ban correspondents like Stanley Meisler from writing about their new country of assignment for at least a year, even when the country is their own.

HENRY E. JONES, Tel Aviv.

Stanley Meisler's article had the ring of truth to it. My wife and I, enjoying our second extended visit to Europe in two years, agree with him that America is smugly second-rate in many social-political areas. U.S. poverty rates, crime and violence, access to health care, public transportation systems, care for children and the aged, the general demeanor and intelligence of the people — all

these are, in our experience, below the German, Swiss or French standard. It is not "self-hate" that induces our criticism of American shortcomings. It is affection, and a belief that we can, and should, do better.

But perhaps only Americans like Richard P. Sybert (Letters, June 9) believe it is possible to "get on with their own lives," ignore political travesties like our last presidential debate, and expect things to improve "dynamically" of their own volition. Not much hope that way.

GERALD AND RAGAN CAVANAUGH, Berkeley, California.

Things are not always as they should be, but so what? Have a little faith, we'll get to it. I like American television, and even some of its commercials. I also like huge supermarkets with choices of "creamy, zesty, robust or regular Italian dressings." Ten bagel flavors? Make it a hundred! I like America for its good, its bad, its ugly and its beautiful.

C. DYMENT, Tonsberg, Norway.

If Stanley Meisler is caught in a time warp from the liberal 60s, Richard P. Sybert risks becoming a caricature of the less liberal 80s. Do lack of sophistication and anti-intellectualism necessarily go hand in hand with opportunity, dynamism and change? Can't one like croissants and America?

KATHARINE S. CHASSAING, Paris.

As a U.S. citizen living in Europe for almost 13 years, with frequent visits

"home," I thoroughly agree with Stanley Meisler's fair-minded observations and share his anguish about the accelerating deterioration in the fabric of American life. As for the letter from Richard P. Sybert, it would be interesting to know whether he has recently (or even) lived out of the United States.

L. TILLMAN, Paris.

As the experienced Parisian journalist and astute observer of the human condition that Stanley Meisler purports to be, he neglected to report that the once-chic Pigalle district in his beloved Paris is a den of drug addicts, pornographers, pimps and dropouts.

After reviewing the French politics of the Reign of Terror, the accommodation of Hitler, the chaos after French colonization of Southeast Asia and North Africa, and the often strange politics of France and NATO, France and the Soviet Union, and France and the United States, I find his assertion ridiculous that it is a compliment to be called a French politician.

MICHAEL J. FADUS, Munich.

The knee-jerk sort of "patriotism" displayed in the letters attacking William Pfaff and Stanley Meisler provides some good examples of one of the principal causes of the slippage: a "know-nothing" desire not to recognize and face problems.

ALFRED M. ROSSUM, Paris.

If This Is Europe, Where
Is the Renaissance Thing?

By Dave Barry

MIAMI — So you've finally decided to do it: This summer, you're going to get that passport, pack that suitcase, rob that bank and take that European vacation. Good for you! Every American should visit Europe, which not only is the prototype for Disney

MEANWHILE

World's Epcot Center, but also is where we obtained a large amount of our cultural heritage, including art, government, ravioli and the Sex Pistols.

And talk about history! Europe is so rich in history that sometimes you can barely stand it. Sometimes when you have been captured by a tour and you are being herded through your 11th historic cathedral in a single afternoon and the guide is showing you the EXACT SPOT where in 1236 or possibly 1371 William the Conqueror agreed to exchange nicknames with Pepin the Duck Pancreas of France, you just want to go lie down on one of the historic pews until it's time to fly home.

But you don't, because you know that you are having the Experience of a Lifetime, and also that if you leave the tour, you'll be giving up your last chance, however remote, of locating a bathroom.

European bathrooms can be a culturally rewarding experience because many of them were built during the Middle Ages. These are all guarded by the same astonishingly squat woman, whose job is to tend the shame and glare at you while you attempt to use the "facilities," which, for men anyway, generally consist of what plumbing professionals call a "wall," providing you with the same level of privacy as standing on home plate in the Houston Astrodome.

You must be very careful, because sometimes it is not obvious which walls are the facilities and which ones are actual walls, and if you make the wrong choice, the squat glaring woman will leap up and shriek at you, and you will wind up in a jail cell located directly underneath the bathroom. It is customary to tip this woman a random unidentifiable amount of European money that you realize, when you get back to the hotel, was \$174.

The European nations, by the way, all belong to an important organization called the European Economic Community (NATO), the purpose of which, as stated in the charter, is "to get American tourists so monetarily disoriented that they are capable of spending the equivalent of a year's tuition at Princeton on a bowl of soup."

The Europeans accomplish this by having a large, comical variety of money, such as the pound, the thurpence, the mark, the frank, the chuck, the libra, the pfung, the diet pfung and the volt, each of which has a portrait of a person who looks exactly like the woman guarding the bathroom. A major recreational

activity for American tourists is attempting to mentally convert everything to U.S. money. Stand outside any European restaurant for a few minutes and you will see a parade of exhausted, cathedral-damaged American tourists trudging up to examine the menu, which looks something like this:

Les Oeufs en Canisole — 132f 23f.
Eel McStrumpets — 14p 91s 22.3d.
Pasta Alla Antonio "Tony No Thumb"
Obligato — 978,000,000,000,000L.
Reichenstrassenhummelitzerswan-
engelsheimergooberdingle Pie — 1000a.d.

The Americans will frown intensely at the menu for a few minutes, attempting to convert the prices ("O.K., you get the whole meal for, let's see, \$1.75, or \$400.") and decode the menu items via primitive high-school linguistics skills ("I think this one means 'Veal of the Eight Nostrils'"). Eventually they give up and continue trudging down the street, finally selecting a Chinese restaurant because at least there the tourists can be confident that NOBODY, including the cook, can positively identify the food.

Another traditional American activity in Europe is to be hilariously uninformed. A friend of mine named Signe was once sitting outside a cathedral in Florence when some fellow Americans came trudging up and asked — Signe swears to me that this is true — "Can you tell us where we can find the Renaissance?"

This is, of course, a ridiculous question, because the Renaissance isn't even IN Italy. The Renaissance is kept in the world-famous Louvre Museum in London, England, although unfortunately you cannot see it because it is surrounded at all times by a dense protective mass of Japanese tourists. Europe abounds with dense Japanese-tourist masses, surging through major tourist attractions at speeds approaching 40 kilometers an hour (one kilometer equals 4.3 shillings).

Which brings us to the subject of safety. In light of recent tragic developments, some of you may be reluctant to travel to Europe, especially on domestic airlines. You will be relieved to learn that the U.S. State Department has announced that there is nothing to worry about, and is urging Americans to fly domestic airlines, thereby creating more room on foreign airlines for officials of the U.S. State Department.

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Finland** F.M.	(90) 60 30 30*	1,760	1,334	970	
France** F.F.	05-436 436	1,500	1,230	830	
Germany** D.M.	0130 25 31	580	403	320	
Gr. Britain	E	140	96.60	77	
Greece** Dr.	691 02 42***	29,000	25,600	16,000	
Ireland	Dh.	155	118	85	
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Luxembourg	L.Fr.	49 49 60	11,000	7,200	6,000
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Norway** N.Kr.	(02) 41 34 89*	2,000	1,276	1,100	
Portugal** Esc.	(01) 80 71 23*	29,000	29,240	16,000	
Spain** Pes.	(91) 401 29 00*	32,000	22,600	17,600	
Sweden** S.Kr.	(08) 21 01 90*	2,000	1,276	1,100	
Switzerland	S.Fr.	455	455	255	
Rest Europe, N. Afr., X-French Africa, Mid. East	\$	470	Varies by country	260	
Rest of Afr., Gulf St. Asia	\$	620		340	
Central/Latin America	\$	540		295	

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	Vol.	High	Low	Last	Ch.
BAT	1899	10 1/4	10 1/4	10 1/4	0
TeqAir	1782	9 1/2	9 1/2	9 1/2	0
US	4954	49 1/2	49 1/2	49 1/2	0
KIRBY	4917	7 1/8	7 1/8	7 1/8	0
ORCL	3659	10 1/2	10 1/2	10 1/2	0
HARRIS	4911	20 1/2	20 1/2	20 1/2	0
WOLFE	2273	10 3/4	9 1/4	10	0
McNAB	1918	11 1/2	11 1/2	11 1/2	0
Fruit	1677	11 1/4	11 1/4	11 1/4	0
FundPr	1635	8 1/2	8 1/2	8 1/2	0
AmuS	1462	21 1/2	21 1/2	21 1/2	0
Gen	1312	14 1/2	14 1/2	14 1/2	0
Ny Tim	1289	31 1/2	30 1/2	31 1/2	0
DWG	1241	13 1/2	12 1/2	12 1/2	0
TecWy	1129	9 1/2	8 1/2	8 1/2	0

AMEX Stock Index				
High	Low	Close	Chg	
362.56	361.49	361.72	-0	

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Holding Inc., a group led by Alfred A. Checchi, for \$121 a share. The accord set off speculation that further takeovers might be in store for the industry, and led some analysts to raise their estimates of the asset value of other airlines.

David Kalman, a technical analyst with W.H. Newbold's Son & Co. in Philadelphia, said the overall dip in prices was modest, which suggested that the market was in the midst of a correction, not headed for any major downturn.

"We've had 11 or 12 weeks of new highs, whether it's been in the averages or with individual stocks," he said. "The market is due for a pullback. We may continue to see modest corrections for another week or two."

On the NYSE, J.P. Morgan was the most active issue, falling $\frac{1}{4}$ to 39.

Harcourt, Brace, Jovanovich followed, jumping $\frac{3}{4}$ to 13 $\frac{1}{2}$. The publisher, which fended off a hostile bid in 1987 but tripled its debt, said it planned to sell its theme parks and land holdings.

Cullinet Software was third, rising $\frac{1}{4}$ to 9 $\frac{1}{2}$. Cullinet and Computer Associates International Inc. said they agreed to merge through an exchange of stock in a deal valued at about \$333 million.

The Amex Market Value index fell 0.67 point to 361.72. The price of an average share lost 3 cents. Declines led advances by roughly a 3-2 margin among the 821 issues traded. Volume totaled about 12.9 million shares, compared with about 10 million traded Monday.

B.A.T. Industries led the Amex issues, falling $\frac{1}{4}$ to 10 $\frac{1}{2}$.

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(Continued on next left-hand page)

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MEDIA MARKETS

'Europhoria' Overshadows Old-Style Sales Promotions

By RANDALL ROTHENBERG
New York Times Service
NEW YORK — Here's a hypothetical case study from the 1992 textbook: An American denture adhesive manufacturer expects an opportunity to market throughout Western Europe when trade barriers come down in three years, so its advertising agency devises images of pretty molars dancing across the continent's television screens. What's the result?
Nothing solid enough to sink your teeth into, a leading British sales promotion executive maintains. He says discounts, contests and trade incentives will be as important as advertising to the marketing of pan-European products.
"Advertising alone can't help clients," said the executive, Gerry Postlethwaite. "You have to help them get into a market."
As the managing director of KLP International, one of the world's largest sales promotion companies, Mr. Postlethwaite might be expected to extol the virtues of his craft, which specializes in methods to induce retailers to stock a product and people to buy it. But his point bears scrutiny: Advertisers and agencies, laboring under 1992-induced "Europhoria," may indeed be thinking too much about pan-European advertising and not enough about other marketing services.
KLP has aggressively used the recent emphasis on pan-European and global marketing to build its network, acquiring agencies in seven countries and affiliates in seven more. Its American holdings include Comart-KLP, a large sales promotion company whose clients include Ciba-Geigy Corp. and Kraft General Foods. Probably its best-known property in the United States is Field Research Inc., the market research company that conducts the California Poll.
Looking toward 1992, Mr. Postlethwaite sees sales promotion as part of a web of activities, including advertising and computer data bases, that are intended to reinforce a brand's sales.
Advertising, he says, creates awareness for a product. Trade promotions (one free case of denture adhesive for every five the retailer buys, for example) can get the stuff into the stores, and sales promotion — a coupon, perhaps — can bring in customers.

PROMOTIONS that persuade a consumer to tell the manufacturer about himself — an illustrated history of false teeth in a card for mailing in a card about one's dental history — can enable a company to build a list of loyal customers, and that list can be used to sell more products using direct mail.
"If you go on the assumption that all you do is splash pretty advertising on the wall, and consumers will come in and find your product and be happy, forget it," Mr. Postlethwaite says.
Getting products in and out of stores will be a challenge for pan-European marketers. Where a financial services company can run ads in the Frankfurt Allgemeine Zeitung in West Germany or The Financial Times in London with little changed but the language, promotions must comply with often arcane local laws.
In West Germany, for example, inducements to buy are illegal, as are promotional contests, unless the contests are solely intended to gain attention. In France, a premium given away to someone to buy a product cannot exceed 7 percent of the product's value if the product costs less than 500 francs. In England, virtually anything goes.
Mr. Postlethwaite argues that these laws will be difficult to change even after 1992; hence, the value of sales promotion agencies with a global perspective and many local operations.
Companies ought to consider employing a knowledgeable sales promotion agency, he emphasized, if they want to put teeth into their pan-European marketing.

Harcourt To Sell Sea World Takeover Victor Acts to Trim Debt

Compiled by Our Staff From Dispatches
ORLANDO, Florida — Still feeling the aftershocks of debt incurred in fighting off a 1987 takeover attempt, the textbook publisher Harcourt Brace Jovanovich Inc. announced Tuesday that it would sell its world-famous Sea World and Cypress Gardens theme parks. The company said the sale of six theme parks, including the Sea Worlds in Florida, Texas, California and Ohio along with Boardwalk & Baseball and Cypress Gardens in central Florida, would allow a substantial reduction of debt so that investment can be boosted in publishing and insurance.
J. Kendrick Noble Jr., an analyst for PaineWebber Inc. in New York, said the news was good for Harcourt, although somewhat of a surprise because the company had denied it had plans to sell the parks. He said he had heard rumors that \$1.8 billion in being mentioned for the proceeds of the sale.
Theme parks accounted for \$338 million of Harcourt's \$1.8 billion in revenue in 1988, and had an operating profit of \$61.9 million.
The news sent Harcourt up \$3.75 a share to \$13.875 at the New York Stock Exchange closing.
Harcourt sold about \$370 million in assets in the fourth quarter of 1987.
The company statement said Harcourt's new president, Ralph D. Canale, "is prepared to leave Harcourt in order to manage these businesses under new ownership."
Harcourt, a Fortune 500 company and the largest U.S. textbook publisher, fought a hostile takeover bid from the British publisher Robert Maxwell in 1987 by adopting a costly defense known as a recapitalization. It borrowed from banks and sold so-called junk bonds, ballooning its debt to \$2.9 billion.
Harcourt lost \$126.5 million, or \$2.04 a share, last year compared with a 1987 profit of \$64.4 million, or \$1.34 a share.
The brief announcement made no mention of a possible buyer for the six parks.
(AP, Reuters, UPI)



Alfred Checchi is the high-flyer who led a friendly takeover of NWA's Northwest Airlines.

Checchi Made NWA Deal Fly Former Marriott Whiz Drops Politics for High Finance

By Jay Mathews and Sharon Warren Walsh
Washington Post Service
WASHINGTON — Darryl Sragow, then campaign manager for Senator Alan Cranston, Democrat of California, remembers the remarkable intensity radiating from Alfred Checchi the day the transplanted East Coast financial wizard walked into his office and asked to join the campaign.
Mr. Sragow had seen other young businessmen stick a toe into California politics, and Mr. Checchi did not seem to know much more than they did. "But he had a certain presence," Mr. Sragow said of Mr. Checchi, and a grasp of the connections between business and politics that made him an asset in Mr. Cranston's winning effort against another young entrepreneur, then-Representative Ed Zechin, Republican of California.
For a while, Los Angeles politics vibrated with talk about Mr. Checchi's wealth and intelligence, and his reputed ambitions for public office. He was glib enough to ask an interviewer in 1987: "What's the highest-ranking job that you think I could get in the next Democratic administration?"
But a Republican took the White House instead, and Mr. Checchi (pronounced CHECK-ee) saw more interesting action in the business world, climaxing with Monday's \$4.05 billion purchase of NWA Inc., parent of Northwest Airlines.
"I told him he was too good a businessman to be in politics," said J.W. Marriott Jr., chairman of Marriott Corp. and Mr. Checchi's former boss. "He's one of the two or three smartest men I've ever dealt with — absolutely brilliant."
That starchy intensity — what some friends called that "look in his eye" — and a talent for arranging complex, multilayered business deals — has marked Mr. Checchi's career almost from the beginning. It made him corporate treasurer of Marri-

Sabena Selling A 40% Stake To BA and KLM

By John J. Duffy
International Herald Tribune
PARIS — In a deal with major implications for the European airline industry, Sabena Belgian World Airways on Tuesday unveiled a pioneering alliance with British Airways and KLM Royal Dutch Airlines.
Sabena said in Brussels that it would put its core operations into a new subsidiary, Sabena World Airlines, and sell 40 percent of that to British Airways and KLM, creating a formidable new force in the European Community air travel market.
Spokesmen for British Airways and KLM confirmed that their companies were talking with Sabena about buying a stake in its airline operations, but they said the talks had not yet been concluded.
The agreement would be the broadest cross-border cooperative move yet among Europe's national flag carriers and could prompt other West European airlines to reassess their competitive positions, analysts said.
For the Belgian carrier, the move caps a three-year search for a European partnership. It is an effort to confront the mounting competition that is expected to result from EC efforts to liberalize the air transport market within the 12-nation trading bloc after 1992.
"Sabena will take the fullest advantage of the liberalization of the scheduled airline industry," said Carlos Van Rafeleghem, the airline's chairman.
He said the deal would give Sabena an infusion of fresh capital and allow it to develop Brussels into a continental hub. Sabena is relatively small among Western European airlines, ranking 15th in 1988 on the basis of passengers carried worldwide.
For passengers, the agreement will mean wider choice and greater ease of travel between the major European cities. For example, the deal will allow the three airlines to sell space on each other's flights.
Analysts said the pact would also probably give BA and KLM more takeoff and landing slots in Brussels, allowing them to feed passengers more easily into their hubs in London and Amsterdam.
In the more distant future, the deal could also allow the airlines to swap or share routes.
"Post-1992, it could be possible for British Airways to fly directly from Brussels to New York," said Stephen Clapham, an airline analyst at Security Pacific Hoare Govett in London. "I think this could be an excellent strategic move for BA."
The agreement gives the British airline, Europe's largest flag carrier, a strategic foothold in continental Europe for the first time.
That foothold is important, analysts said, because the carrier's main hubs at London Heathrow Airport and Gatwick Airport are virtually full. Without additional hubs, BA's growth has depended on using larger aircraft — a strategy with obvious limits, analysts said.
"They are paying for strategic position" in Brussels, Mr. Clapham said.
"They will gain access to an uncongested airport that is centrally located and could be connected to the Channel Tunnel," he said.
Sabena declined to put a value on the 20 percent stakes that BA and KLM would each hold. Analysts estimated that the two airlines would pay \$50 million to \$100 million each for their stakes in Sabena.
For KLM, Europe's ninth-largest airline, the accord is the second major international investment in two days. On Monday, NWA Inc., parent of Northwest Airlines, accepted a \$4.05 billion takeover bid from an investor group in which the Dutch airline is believed to have about a 25 percent stake.
KLM has actively sought international alliances because, its home market is too small to support its international ambitions.
The Sabena accord is also defensive, analysts said, in that it prevents Sabena from making other alliances with other European carriers and creating a major competing hub in an immediately adjacent market.
KLM said it would now seek an alliance with an Asian carrier, Reuters reported.

Gambit for Third World Debt Burden Banker's Plan Linked to Exports

By Carl Gewirtz
International Herald Tribune
PARIS — A prominent French banker believes he has found a way to alleviate the Third World debt crisis by turning \$20 billion into \$400 billion with the stroke of a pen. The \$20 billion is available, he adds, but nobody wants to be first to use the pen.
The banker is H  le de Pourtales, a partner at Lazard Fr  res. He has already sounded out leading Western officials who, he said, were enthusiastic about the idea if reluctant about putting it into practice.
"Bureaucrats think it's a beautiful idea, but are waiting for someone to take the initiative," Mr. de Pourtales said Tuesday.
He agreed to an interview in hopes of building interest in the idea before the heads of state of the seven major industrialized countries meet in Paris next month.
The proposal, in which Mr. de Pourtales said a number of debtor countries had also expressed interest, is designed to link the real world of traded goods to the abstract world of debt.
Mr. de Pourtales is proposing to create a guarantee fund that would ensure future delivery of Third World commodity exports.
The \$20 billion already on the table are the resources the International Monetary Fund and the World Bank have agreed to make available to Third World countries in response to the debt-relief proposal put forward in March by the U.S. treasury secretary, Nicholas F. Brady.
The \$20 billion is a mere drop in the bucket compared to the roughly \$570 billion owed to commercial banks, and already debtor countries are jockeying for access to the limited pool of official funds.
But the \$20 billion paid-in capital could guarantee contracts worth up to \$400 billion.
With such delivery guarantees, Mr. de Pourtales said that debtor countries could enter into long-term contracts for 5 to 20 years to sell part of their future commodity exports. These contracts would then serve as collateral to borrow fresh money from the banks. That money would be used to buy back the old debt at a discount.
Estimates made by Lazard Fr  res show that by entering a 10-year contract for 20 percent of its annual exports, Venezuela could obtain immediately just over \$13 billion — a sum that could make a



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Knowing what you can achieve depends on knowing whom you can trust — a capable private-banking partner who looks after your assets while you enjoy the benefits. And when the feeling of success has worn off, you'll realize that the whole operation was an exercise in safety. Republic National Bank's

commitment to safety is the foundation upon which financial achievement is built. Republic National Bank. A matter of trust.

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Currency Rates

Cross Rates										June 20	
	S	£	DM	F.F.	1/16	90d.	S.F.	S.F.	Yen		
Amsterdam	2.251	5.453	13.841	8.332	0.183	1.000	5.261	1.202	1.947		
Antwerp	1.972	4.758	12.086	7.421	0.162	0.975	4.587	1.100	1.736		
Frankfurt	1.922	4.648		7.299	0.158	0.979	4.479	1.156	1.734		
London (L)	1.593		3.937	6.075	0.228	0.88	4.428	2.464	22.35		
Paris	1.916	5.244	751.8	75.11	0.01	64.75	4.635	67.64	6.67		
New York (N)		1.595	3.905	6.75	1.46	0.08	4.288	41.54	1.715	1.440	
Porto	1.684	1.606	1.879		0.478	0.393	3.162	3.929	4.695		
Spain	16.40	25.23	7.721	1.56	0.364	4.48	3.692	1.428	14.38		
Stockholm	1.712	2.459	3.384	3.75	0.26	0.45	4.457	1.417	1.712		
1 BCU	1.697	4.545	10.723	7.022	1.584	2.341	4.572	1.92	1.932		
1 SDR	1.249	6.796	2.417	3.122	1.81	2.764	5.516	2.12	178.59		

Closures in London, Tokyo and Zurich, closure in other centers, New York closing rates.

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Gateway Accepts Offer From Wasserstein, A&P

Deal Marks Growing Trend Toward American-Style Buyouts in Europe

LONDON — Gateway Corp., Britain's third-largest supermarket chain, said Tuesday it had accepted a £2 billion (\$3.1 billion) friendly takeover bid put together by a U.S. investment bank, marking a significant shift in the environment for such deals in Europe.

Using a Wall Street-style leveraged buyout, a partnership organized by Wasserstein Perella & Co. of New York and Isosceles P.L.C., a recently formed British investor group, which still has a chance to improve its offer.

The bidding process marked a growing trend toward buyouts in Europe, especially in Britain; the importing of funding techniques pioneered in the United States; and the greater willingness of institutional investors to hold corporate debt.

"There is a slowly changing environment for these kinds of deals," said Linda Harie, an analyst with the brokerage Hoare Govett.

If successful, the Wasserstein Perella bid would be Europe's biggest leveraged buyout. In such deals, funds are raised to take over a company using its assets as collateral for the borrowing.

The bid was made through Newgateway, an acquisition vehicle set up by Wasserstein Perella and the West German-controlled U.S. food retailing giant Great Atlantic & Pacific Tea Co.

Gateway's shares jumped 7.5

pence to close at 222.5 pence on London's stock exchange Tuesday.

Newgateway's offer of £2.25 a share compares with an Isosceles bid of £2.10.

In a separate statement, Isosceles said it had the right to revise its offer, which was made in April and closes on Thursday, now that a competitive situation exists.

Share analysts were divided over whether Isosceles, which also was formed to bid for Gateway and includes former Gateway managers, could muster a higher bid.

Isosceles controls 26.7 percent of Gateway.

Gateway, which owns 800 stores, said it had accepted the Newgateway offer because it was substantially higher and more solidly financed than the rival bid. It said the offer would bring proven retailing skills to Gateway and showed a commitment to the business.

Investment groups like Kohlberg Kravis Roberts & Co. and Wasserstein Perella, and investors such as Sir James Goldsmith and Asher Edelman, have been training their sights on European targets as U.S. opportunities become fewer and more costly.

"Companies relative to their assets and cash flow are certainly less expensive here than in the States," Mr. Edelman said in March. The same reasoning also persuaded Sir James to return to the London market after nearly a decade's absence, the analysts said.

Part of the reason for this trend is the degree to which debt has already been substituted for equity in the United States.

The Bank of England governor, Robin Leigh-Pemberton, set out the central bank's view on leveraged buyouts in January, noting over the past five years such buyouts in the United States retired a net \$400 billion of equity in the nonfinancial sector, or about 10 percent of the then-current market capitalization.

Although the Bank has traditionally been cautious about leveraged buyouts, Mr. Leigh-Pemberton said in that speech that the gearing implicit in leveraged buyouts is not, in itself, sufficiently dangerous to lead to generalized concern.

Management buyouts, in particular, have become more common in Britain, but British buyers are eclipsed by their U.S. counterparts. Management and employee buyouts are also occurring more often on the Continent, especially in France.

Figures from the Center for Management Buyouts Research at Nottingham University show some 356 management buyouts were completed last year in Britain with a value of \$3.76 billion, up from 197 worth \$3.75 billion in 1982.

Nonetheless, as Britain has accumulated more experience, particularly with management buyouts, the size of deals has gradually increased, making them more attractive investment options for firms like Kohlberg Kravis and Wasserstein Perella, the analysts said.

"Now that the U.K. deal size is larger it is inevitable that it begins to interest people like KKR who have been involved in deals like this on the other side of the Atlantic," said Ken Robb, research fellow at CMBR.

Mr. Robb noted that as more, and larger, buyouts proved successful it encouraged others, aided by more varied financing.

Institutions are also more relaxed about holding corporate debt. Bill Smith with Prudential-Bache Capital Funding noted that the U.K. government's buying back of debt has encouraged firms to issue bonds and asset-hungry institutions to buy them.

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The Source Of Brazil Debacle

Speculator Had Web of High Connections

By James Brooke

New York Times Service

RIO DE JANEIRO — Naji Robert Nahas, the man whose activities caused the collapse of Brazil's stock markets last week, is largely known to Americans for his ties to a scheme to manipulate world silver prices in the late 1970s.

Brazil's largest speculator, a 42-year-old Lebanese descent, agreed in 1986 to pay a \$250,000 fine to settle charges that he played a key role in the silver scheme. The scheme, which was unraveled in the United States, also involved the Hunt brothers of Texas.

As part of its agreement with the U.S. Commodity Futures Trading Commission, in which he did not admit guilt, Mr. Nahas agreed to forgo trading in the commodity contract markets for five years.

In the current scandal, Brazilian investigators say, Mr. Nahas successfully manipulated the two largest Brazilian stock markets using millions of dollars borrowed from Citibank and from several Brazilian banks that have foreign banks as minority partners.

The foreign banks are Bankers Trust New York, Lloyds Bank and Banque Nationale de Paris.

Investigators of the Comissão de Valores Mobiliários, Brazil's equivalent of the Securities and Exchange Commission, believe Mr. Nahas bought stock options and then forced the markets up by heavily buying and selling shares in trades that were actually between himself and secret partners.

The options gave him the right, but not the obligation, to buy or sell certain securities at specified prices before a certain date. But the prices did not move as he had hoped.

"He was also selling option rights to people linked to him," said Luis Carlos Piva, a director of the commission. And, Mr. Piva added, "it was all highly leveraged."

Mr. Piva estimated that the debts left totaled \$330 million. One portfolio manager in Rio said that Bankers Trust gave its Brazilian partner, Banco de Investimento Planibanc SA, an emergency infusion last week of \$58 million because of the losses suffered as a result of the purported scheme.

This spring, half of the activity on the Rio exchange was created by Mr. Nahas and his associates, stockbrokers here estimate.

For example, the share price for one of Mr. Nahas's targeted companies, Vale do Rio Doce, increased to \$16 a few weeks ago, from \$2.90 in February.

The purported scheme began to unravel earlier this month when Eduardo de Rocha Azevedo, president of the São Paulo Stock Exchange, Brazil's largest, initiated a policy requiring investors to pay 30 percent in cash for all transactions; there had previously been no cash requirement.

In April 1988, in what seemed to be a similar bid to block Mr. Nahas, Mr. Azevedo tried to require investors to pay 15 percent for all options purchases, but that move was struck down by securities regulators after Mr. Nahas complained that Mr. Azevedo "was changing the rules in the middle of the game."

Successfully exploiting a deep rivalry between the Rio and São Paulo exchanges, Mr. Nahas then took most of his business to Rio. The president of that exchange, Sergio Barcellos, declined to impose cash requirements for stock trades, in an apparent effort to revive the declining exchange.

This spring, fueled by Mr. Nahas's heavy trades, trading volume on the Rio exchange surpassed that of São Paulo for the first time in years. When adjusted for inflation, Rio's stock index increased about 50 percent from Jan. 1 to June 1.

But in early June, banks began to realize that they were overexposed in their lending to Mr. Nahas, and started to cut his credit. On June 12, the first working day after Mr. Nahas's checks bounced, both markets were closed for a day. Last Friday, Mr. Barcellos resigned as president of the Rio exchange.

Between June 9 and the close of trading Monday, Rio's market index fell 67 percent, and São Paulo's market index dropped 61 percent in that period.

Both Mr. Barcellos and Mr. Nahas are under court order not to leave Brazil while judicial investigations are under way.

So far, the investigations have illuminated a web of high government connections that many Brazilians say smack of impropriety.

The president of the central bank, Elmo de Araújo Gomes, a business partner of Mr. Nahas in the early 1980s, Mr. Gomes's son, Elmo Gomes Jr., administers the Gomes family brokerage house, Capitaneia, one of the hardest hit by Mr. Nahas's bounced checks.

The elder Gomes, who would have been responsible for deciding which of 20 affected stockbrokers would have to close, resigned Monday.

Mr. Gomes's resignation came as the government sought to restore confidence in the financial system.

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IBM Steals a March in PCs

The Associated Press

NEW YORK — International Business Machines Corp., jumping out in front of its rivals, on Tuesday announced an upgrade kit that will give it a personal computer twice as fast as the fastest now available.

IBM becomes the first company to announce a computer built around Intel Corp.'s new i486 chip, a gratifying development for a company that had trailed such rivals as Compaq Computer Corp. in bringing out a computer built around Intel's earlier 80386 chip.

Instead of selling a whole new computer, IBM will offer the i486 and related chips as a \$3,995 unit that replaces the microprocessor in one member of its Personal System/2 line, the Model 70-A21.

Intel is planning to begin shipping the i486 chip in large volumes in the final quarter of this year, and IBM said Tuesday that it would begin selling its upgrade kit as soon as it gets the chips from Intel.

Intel is making the new chip available to other computer makers. But Robert Carberry, IBM's vice president for systems in the personal computer organization, said, "I think we're very well positioned" to be the first to deliver a computer based on the i486.

The Model 70-A21 was chosen as the first housing for the i486 chip because its design allows it to accept different microprocessors easily. IBM said other members of its PS/2 family would also, in time, be equipped with the new chip.

Ever since Compaq brought out the first 80386-based personal computer in 1986, IBM has been trying to catch up in unit shipments of the machines. That landmark may occur in the current financial year, David Thomas, president of IBM's National Distribution Division, said Tuesday.

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DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL BOND FUND

Registered office: 2535 Luxembourg

20, Boulevard Emmanuel Servais

R.C. Luxembourg 24697

Notice is hereby given that the ANNUAL GENERAL MEETING of the shareholders of DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL BOND FUND will be held at the registered office of the company on June 30, 1989 at 15.30 p.m.

AGENDA

1. Approval of the report of the Board of Directors and the report of the Auditor.

2. Approval of the balance sheet and the profit and loss account as at March 31, 1989.

3. Payment of a dividend.

4. Discharge to the outgoing Directors in respect of the carrying out of their duties for the year ended March 31, 1989.

5. Re-election of the directors for a new statutory term.

Resolutions on the above mentioned agenda will require no quorum and the resolutions will be passed at a simple majority of the shares present or represented at the meeting.

A shareholder may act by any meeting by proxy.

On behalf of the company
BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.
20, Boulevard Emmanuel Servais
L-2535 Luxembourg

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Hooker Sets Sale of Stake In Retailers

By Isadore Barmash

New York Times Service

NEW YORK — Hooker Corp., the Australian developer that pursued a major retailing and shopping-center expansion in the United States, has said it will sell a 50 percent stake in almost all of its American stores in an effort to cut debt.

Hooker said late Monday that it will seek joint venture partners for the Bonwit Teller chain, the B. Altman stores, Sakowitz Inc. in Houston and the Parisian Inc. fashion chain in Birmingham, Alabama.

The company said it will also dispose of its three U.S. shopping centers.

The announcement from Sydney follows an earlier announcement that Hooker had experienced a cash flow crisis, causing some major suppliers to either curtail or cease shipments of new merchandise to Bonwit Teller and B. Altman.

On Tuesday, the situation appeared to have worsened. Michael Babcock, chairman of Hooker's U.S. retail operations, was said by several executive recruiters to be seeking a job outside the company.

This reportedly followed a dispute with the Australian management that it had failed to sustain a cash pipeline to keep the U.S. stores equipped with fresh merchandise. Mr. Babcock did not return phone calls to his office Tuesday.

"I wouldn't be surprised if all the top executives in the Hooker stores aren't looking for jobs," said Herbert Mines, a leading retail executive recruiter in New York.

Hooker's problems, after an intense, three-year expansion into U.S. retailing and the shopping center industry, became aggravated by slower sales in American retailing in recent months and a sharp rise in the Australian interest rates.

As its Australian bank lenders began to show concern over Hooker's highly leveraged state, the developer apparently decided to take some drastic steps and in May announced it was negotiating to sell one billion Australian dollars (\$753 million) in assets.

The company's goal, pushed by its highly aggressive founder and chairman, George Hersen, was to set up a U.S. company consisting of well-known fashion stores catering to affluent consumers.

Along with that plan, Hooker planned to establish a series of regional U.S. shopping centers, capitalizing on the acquired stores' reputation by mostly using them as anchors in those centers. Three of those centers have opened in Cincinnati, Columbia, South Carolina, and Denver. But, according to Hooker's announcement, these will now be sold.

Mr. Hersen's problems have also been aggravated by the fact that most of the other acquired retailers had a recent history of losses or lagging profits.

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CHECCHI: Former Marriott Financial Whiz Made Northwest Deal Fly

(Continued from first finance page)

Amherst College, but his passion for government service soured in the anti-war protests of the 1960s and he drifted into business instead. He met Mr. Wilson while working for his uncle's Washington-based economic consulting firm, Checchi & Co. After a degree from the Harvard Business School and a year as consultant to attorney F. Lee Bailey, he went to Marriott.

But it was as a partner in the multibillion-dollar investment firm, run by the Bass brothers of Texas, that Mr. Checchi built up a personal fortune estimated at \$50 million, the New York Times reported.

By 1985 his interest in politics had rekindled and he wanted to operate on his own. He moved his wife, Kathryn, and their three children to a large two-story house in Beverly Hills and began a self-organized apprenticeship in the political arts.

Mr. Scrago said Mr. Checchi made it clear he wanted to address issues, not just money. Although he organized some fundraisers at his home, he indicated he did not like money raising and wanted something more substantive.

Observers say the Northwest deal is a tribute to Mr. Checchi's knack for developing and preserving relationships with rich and powerful people and companies.

For example, Bankers Trust Co., one of his backers in this offer, has been financing deals with Mr. Checchi for 10 years.

Mr. Checchi met John D. Elliott, the chairman and chief executive of Elders Ltd. Ltd., an Australian investment holding company and brewer that is another backer—at the winter Olympic Games in Calgary, Alberta, last year.

Checchi Denies Sales
Eric N. Berg of the New York Times reported earlier.

Alfred Checchi has given assurances that Northwest Airline's management and headquarters in St. Paul would not be changed and that the group would hold onto its investment for at least 10 years, not selling off any major assets.

Mr. Checchi also said his business plan was to "strengthen Northwest and build on its recent successful operating performance."

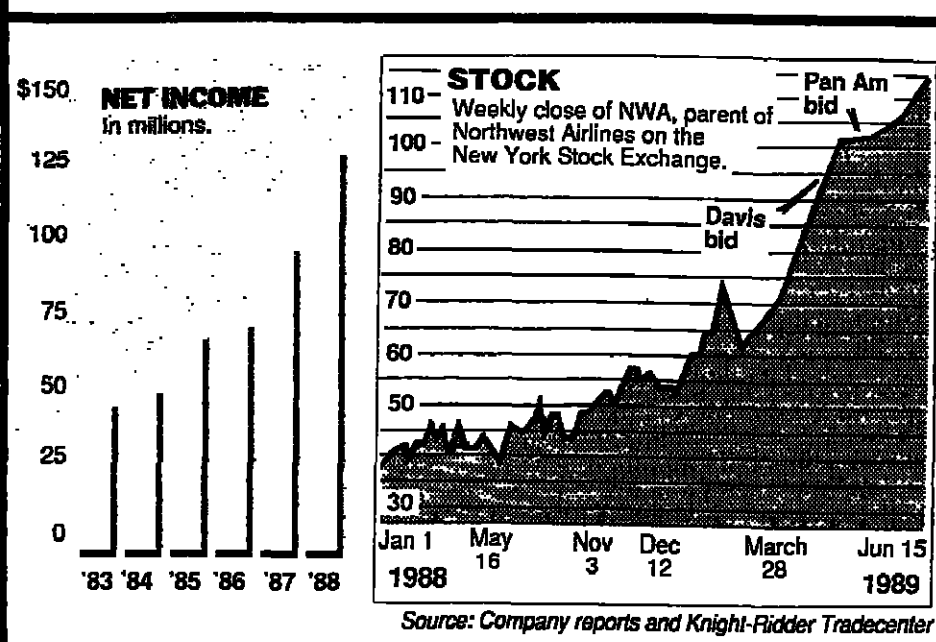
The Checchi group hopes to capitalize on Northwest's dominant position in air travel to the Far East.

Among other things, Northwest is the leading air carrier to East Asia, and it has sizable property holdings in the inflated Tokyo real estate market.

"With the possible exception of the Japanese land, reputed to be nonessential to airline operations, we're not selling anything," Mr. Checchi said in an interview.

The group's willingness to pay \$121 a share recognizes "increased value in the Pacific routes and in

Strong Growth at Northwest Airlines



having a substantial cargo network to the Far East, and that airlines have a lot of other undervalued assets—equipment, positions in line for order delivery, and real estate," said Thomas Longman, an analyst at Bear, Stearns & Co.

Mr. Checchi has said he views NWA's prospects as so bright as to justify the lofty price being paid. And by teaming up with KLM, which to comply with federal law will hold an interest of less than 25 percent in Northwest, Mr. Checchi's group will reap a number of immediate benefits.

For example, Kurt Rivard, an analyst at Dean Bosworth Inc., said he expected Northwest and KLM to establish a marketing agreement that enables the airlines to link flight schedules, fares, frequent-flyer plans and advertising, in effect allowing passengers "to book on what looks like a single airline even when both are used on a trip."

The Checchi group's willingness to go through with the deal reflects a belief that it can weather an economic downturn. "We modeled the recession of 1980 and 1981, the most severe since the Depression," Mr. Checchi said Monday.

"We assumed that reoccurred and had the same impact on operating income and cash flows," he said. "We had no problem with existing capitalization or we would not have proceeded with it."

The company also said Monday that it had approved a "backpack" recapitalization plan under which shareholders would receive \$70 a share in cash and other elements of value—a total package expected to be worth \$90 to \$100 a share.

The speculation was that the board was attempting to send a warning to other parties, like Pan

Am, that Northwest was truly not interested in dealing with anyone else at this point.

Financing for the Checchi bid will come from two sources. Checchi's group will provide \$700 million in the form of a down payment.

The remaining \$2.9 billion will come from a syndicate of banks to be led by Bankers Trust.

Significantly, the bid does not contemplate the sale of any high-interest "junk bonds"; NWA's labor unions had indicated that they would have staunchly opposed such a sale.

One stumbling block would be if Pan Am comes back at NWA with a bid higher than that of the Checchi group.

Thomas G. Plaskett, Pan Am's chairman and chief executive, has said that in order to survive Pan Am would either have to acquire another airline or be acquired itself.

While Pan Am said Monday that it would not attempt to trump the Checchi group's bid, analysts said they would not be surprised if the auction of NWA continued.

NWA said Mr. Checchi's group, which holds a 4.9 percent stake in NWA, was the winning bidder because its offer was the highest and had the fewest conditions, and presented the greatest likelihood of working out quickly.

Investment bankers working on the deal said the board was impressed by the strength of Mr. Checchi's financial package, by the fact that his deal did not seem to pose any antitrust concerns and, most importantly, by the support that Mr. Checchi's group seemed to enjoy from Northwest's 20,000-member machinists' union.

The support of labor was considered critical to obtaining bank financing and therefore, to a quick deal, investment bankers said.

Two of NWA's principal unions Monday expressed a desire to develop a positive relationship with Mr. Checchi's group. Brian Freeman, the adviser to the machinists, said:

"We clearly preferred Checchi and are delighted that a deal was made. We think we can work with him."

At the NWA chapter of the Air Line Pilots Association, James Halverson, a spokesman, said his group remained concerned about how the addition of bank debt would affect NWA's future but "rather than reject Mr. Checchi's proposal out of hand we will give him a chance to allay our concerns."

He added that representatives of the union hoped to meet with Mr. Checchi later this week.

But even if Mr. Checchi can win labor peace, the price of the deal means that the company will be saddled with more debt than at any time in its history. If there is a recession, that could make it more difficult to continue paying off the debt.

NWA already has about \$1.5 billion in long-term debt, and \$2.9 billion will be added.

That will give NWA a total debt of \$4.4 billion out of total capital, including the new equity, of \$5.1 billion. In terms of debt to equity, NWA's ratio would increase from 1 to 1.2 to 1, making it about average for big airlines, many of which are considered by analysts to be too heavily indebted.

Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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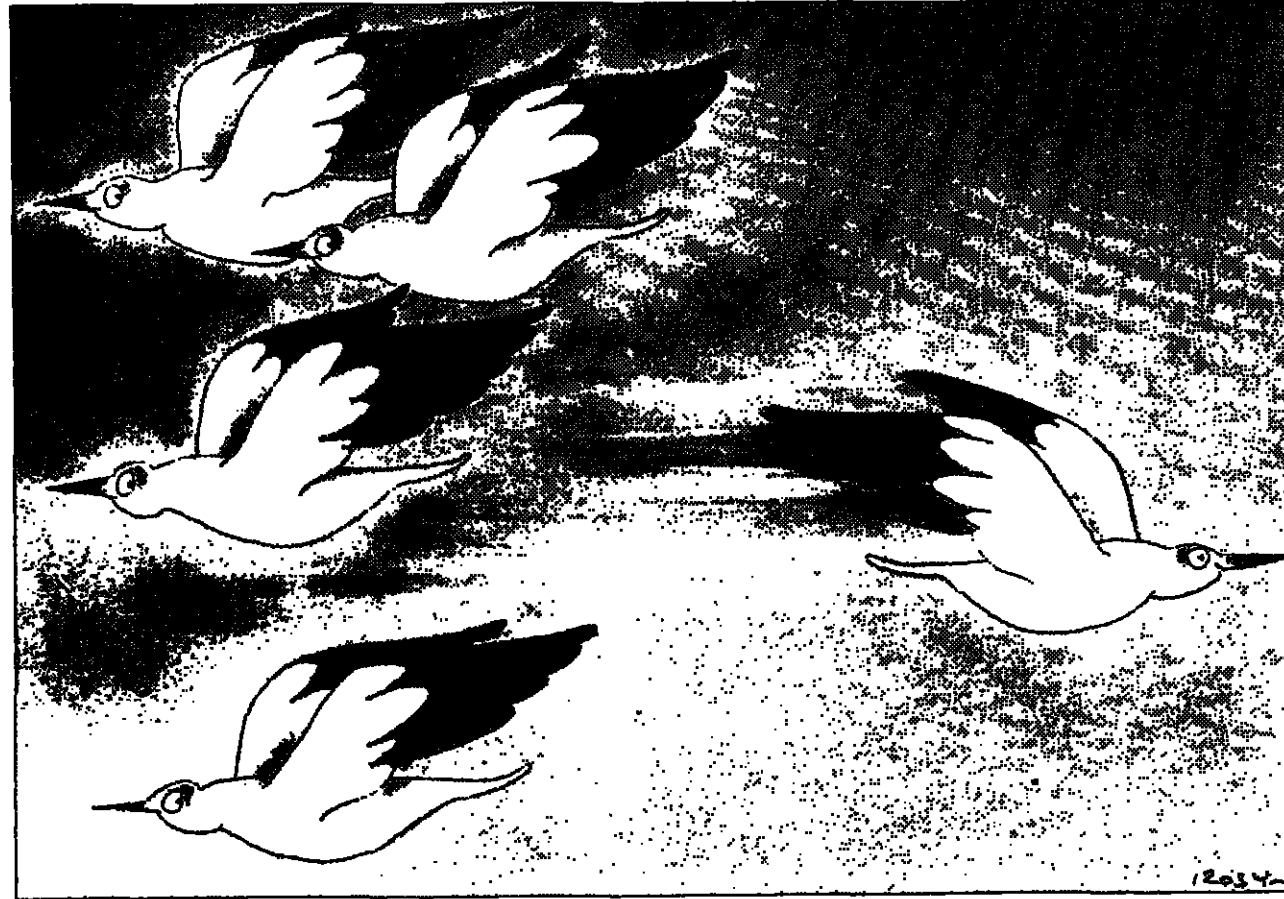
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Sales figures are unofficial. Yearly high and low reflect previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent

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Reuters

NEW YORK — The dollar edged higher on Tuesday but many investors remained wary of making major new commitments to the currency after last week's sharp declines.

Dealers said persistent rumors of central bank intervention kept the dollar under pressure for most the day, but that a late rally on technical factors allowed the currency to close higher.

Most market analysts said that late news was not significant and that the outlook for the dollar remained confused.

"We're going up and down but not getting anywhere," said Stephen Dukin, vice president of Union Bank of Switzerland.

The dollar closed at 1.9775 Deutsche marks, up from 1.9790 DM on Monday, and at 144.90 yen, up from 144.40.

The British pound fell to \$1.5395 from \$1.5425 on Monday.

Dealers said the pound remained fundamentally weak because of the British inflation outlook. It has also

London Dollar Rates		
Cash	Tel.	Mon.
Deutsche mark	1.9775	1.9795
Pound sterling	1.5395	1.5405
Japanese yen	144.15	144.40
Swiss franc	1.7010	1.6975
French franc	6.6625	6.6675
Source: Reuters		

been jolted by Spain's decision to bring the peseta into the exchange rate mechanism of the European Monetary System.

The move left the pound as the only major EC currency still outside the mechanism.

The U.S. unit also finished at 1.7215 Swiss francs, up from 1.7080 francs, and at 6.7380 French francs, up from 6.7025 francs.

Most dealers said that no major central banks intervened in the market Tuesday, with the exception of the Bank of Japan, which sold dollars in Far Eastern trading.

Some dealers said, however, that they suspected central banks of adding to the market's nervousness

by repeatedly calling banks to ask for dollar quotes, thereby creating rumors of intervention.

The market's nervous tension stems from late last week when the dollar, after surging to its highest levels in more than two years, abruptly plunged by more than 4 percent late Thursday and Friday.

The sharp reversal is believed to have left many dealers and investors with huge losses.

Jim O'Neill, international economist at Swiss Bank Corp., said: "The forex market is a bit shell-shocked after the events of last week or so and doesn't know which way to turn."

Adding to the uncertainty Tuesday were comments from Charles Dallara, assistant U.S. Treasury secretary for international affairs, that the dollar's current level was a cause for concern and could undermine the trade adjustment process.

With the current highly uncertain environment, dealers said most investors have retreated to the sidelines to await several key economic reports due this week.

The government is scheduled to report U.S. first-quarter gross national product on Thursday and durable goods orders and personal income for May on Friday.

Earlier in London, the dollar closed mixed in thin but volatile trading.

The dollar closed at 1.9775 DM, up from 1.9735 DM on Monday, but at 144.15 yen, down from 144.60 yen.

Dealers said that the dominant market sentiment is still that the dollar will go higher, but that few investors are willing to test the central banks resolve after last week's debacle.

The reasoning behind the dollar's positive outlook remains the favorable interest rate differential and political turmoil in China, dealers said.

Although the China factor is still very much in play in the markets, dealers noted that the very heavy flow of Japanese funds into dollar assets halted abruptly after the dollar's sharply fall last week.

(Continued from first finance page)

enormous debt of its \$24 billion commercial debt.

A similar calculation for Brazil would give that country \$18.5 billion with which to reduce its \$61 billion of commercial debt.

The point emphasized by Mr. de Pourtales is that the official funds make a delivery guarantee pool used as the primary money to be used for debt reduction that far exceeded the \$20 billion that the international institutions were currently willing to lend for that purpose. In addition, under existing plans, the \$20 billion to finance debt relief would be just added on to the debt burden of borrowing countries.

The proposed plan provides that money borrowed against future exports would be self-liquidating upon delivery of the goods.

Mr. de Pourtales said that the idea for the proposal was suggested by Ignacio Alvarez de Toledo, an independent Argentine financial expert.

Mr. de Pourtales rejected any suggestion that such a proposal represented a mortgage of the national heritage.

"The answer to that is that the petroleum was mortgaged the moment governments signed the initial loan contracts," he said. "Our plan, by profiting from the discount on the debt purchased, enhances the value of the exports that normally would have been used to repay the full value of the debt."

Mr. de Pourtales said that much more than \$20 billion in official funds could become available if the export credit agencies in the industrialized countries agreed to participate in financing future national imports.

Third World exports most likely to be financed by the Lazard proposal are the commodities for which a large international market exists in fairly standardized varieties and at prices that are quoted regularly on at least one organized exchange.

The commodities would include oil, iron ore, copper, silver, sugar, cocoa, cotton, coffee and corn, as well as meat or fish products.

The actual price paid by the importer would be the spot price at the time of delivery. Revenue shortfalls if the delivery price were below the reference price used to value the contract could be made up by either higher delivery amounts or an extended delivery period.

Importers would have an incentive to setting up such long-term supply agreements if the settlement price were at an agreed discount from the spot price, Mr. de Pourtales said.

He added that commercial banks would have an incentive in lending new money since the loans would be collateralized by the guarantee fund. The risk taken by the banks discounting the sales agreements "would not be that of the exporter but that of the purchaser, or of the guarantee in case of nondelivery," Mr. de Pourtales said.

To ensure that the export proceeds are used to retire existing debt, the payments could be made to a trustee under irrevocable instructions to disburse the money only for repurchasing debt.

As far as the mortgage was concerned, Mr. de Pourtales noted that delivery defaults were rare — the products would have to be exported — and that it would be neither difficult nor expensive to extend such a guarantee.

Mr. de Pourtales saw the proposal as another of the options for creditors to choose from in negotiating with debtor countries. This plan would be of maximum interest in cases where small regional banks just wanted to get out of Third World lending and were willing to sell their debt at deeply discounted prices currently quoted on the secondary market.

Mr. de Pourtales and Lazard Frères have long experience in working with developing countries' debt. At the outbreak of Indonesia's debt crisis in 1975, the French bank, along with S.G. Warburg and Kuhn, Loeb & Co. which has since become Shearson Lehman Brothers — formed a so-called *troika* to assist debtor countries in their negotiations with creditors. The *troika* now is adviser to eight developing countries, including Venezuela, Gabon and Nigeria.


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SPORTS

Aide Succeeds Switzer as Oklahoma Coach

Compiled by Our Staff From Dispatches

NORMAN, Oklahoma — Gary Gibbs, who built the defense of the University of Oklahoma football team into a juggernaut to rival the Sooners' wishbone offense, was named Tuesday to succeed Barry Switzer as the team's head coach.

The appointment of Gibbs, 36, the Sooners' defensive coordinator, came less than 24 hours after Switzer, surprisingly, resigned Monday.

Switzer, 52, had coached the Sooners to three national championships and 12 Big Eight Conference titles in his 16 years in the job. But he had been under pressure since the school's football program was placed on three years' probation by the National Collegiate Athletic Association in December and after several players were charged early this year with crimes involving drugs, guns and sexual assault.

Still, Switzer said, no one had asked him to resign. "It's no fun anymore," he said. "I'm drained. I don't have the energy level to compete in this arena today."

He criticized the NCAA for rules that do not "recognize the financial needs of young athletes" and said he would not coach on the college level again. Switzer suggested he

would welcome a chance to coach in the National Football League.

The NCAA had cited Oklahoma for 21 violations that included, among other things, giving a recruit cash totaling \$6,400 and the use of a car, selling players' tickets for more than face value and Switzer's use of a corporate checking account for his television shows to provide money to assistant coaches and other recruits.

Switzer, whose 157-29-4 record gives him the fourth highest winning percentage in college football history, called for changes in the NCAA rules. He said he was "not making excuses but simply giving an explanation when I say it was difficult to turn my back on these young men when they needed help. We have created a system that does not permit me or the program to buy a pair of shoes or a decent coat for a player whose family can't afford these basic necessities."

"How can any coach stick to these rules when a young man's father dies many miles away and the son has no money for a plane ticket home to the funeral?"

David Swank, the university's interim president, supported Switzer's assertion that he was not

pressured to resign. But in the press conference introducing Gibbs, Swank said Switzer's successor understood that the university's mission was to educate athletes as well as to win football games.

Gibbs, who had been a linebacker on Switzer's first two Oklahoma teams and an assistant coach since 1975, said, "I will be in complete control of the football program."

In January, lineman Zank Peters was allegedly shot by teammate Jerry Parks inside an athletic dorm. A week later, players Nigel Clay, Glen Bell and Bernard Hall were charged with raping a 20-year-old woman in the same dorm.

In February, Charles Thompson, a quarterback, was arrested on charges he sold 17 grams of cocaine to undercover agents of the Federal Bureau of Investigation for \$1,400.

"I deeply regret the series of events," Switzer said, but added that he had "never paid one penny" for athletes to come to Oklahoma.

"I finally decided the time has come, there has been too much water under the bridge for me to continue to be effective."

Switzer had appeared to be riding out the controversy. Fifty former football players, led by former

Sooners stars Steve Owens and Billy Sims, announced their support for him last winter. Swank expressed confidence that Switzer could clean up the program.

But a hint of the resignation came last month when Switzer said on his radio show that he would welcome a chance to coach in the NFL.

"Coaching collegiate football" in the 1970s, he said, "you didn't have the problems you do today. Obviously it was more fun than it is today because of all the problems. You've got the restrictions at the NCAA, you've got the drug-alcohol abuse problems that didn't exist at the magnitude that they do today."

For the present, Switzer said, he would accept a special assignment with the Oklahoma athletic department. Neither Donnie Duncan, the athletic director, nor Switzer would say what the new duties would be.

The resignation had surprised many in the college football coaching ranks. Chuck Fairbanks, the man Switzer succeeded in 1973, said, "It's not the right way for him to leave that university. He's given a lot of his life to that university and it's disheartening to me that he has to finish such an outstanding career in this manner."

Fairbanks, who left Oklahoma just before a two-year NCAA probation that Switzer inherited, added that "nobody can live in the fishbowl of major athletics and be immune from some of the criticisms that come about."

"Barry is probably not without some faults for some of the problems that exist at Oklahoma. Barry has been controversial and he's probably like to have a chance to do some things over again, as all of us would."

"But many of the rules and regulations that govern intercollegiate athletics are antiquated and don't always fit the goals of all the institutions they govern."

Bob Devaney, athletic director at the University of Nebraska, Oklahoma's biggest rival in the Big Eight, said, "I'm going to feel bad if I find out that this wasn't Barry's idea. That he was pressured to resign. I just hope he's doing this because he has better things to do."

Lou Holtz, the coach of 1988 national champion Notre Dame, said he understood Switzer's concern about NCAA rules and added that he was "surprised anybody can last at a school for 16 years with as much pressure as certain schools have."

(AP, UPI)



Barry Switzer announcing resignation: 'No fun anymore.'

Soviet Star Set To Join NBA

Compiled by Our Staff From Dispatches

ZAGREB, Yugoslavia — Charunas Marchulionis will become the first Soviet basketball player to play in the professional National Basketball Association when he joins the Oakland-based Golden State Warriors next season.

Alexander Gomelsky, president of the Soviet basketball federation, confirmed Tuesday that Marchulionis had received approval to make the move.

"Everything is signed and sealed and Charunas will be our first player in the NBA," Gomelsky said at the European Basketball Championships.

The deal is a personal triumph for the Warriors' coach, Don Nelson, who has traveled between California and Lithuania several times to persuade officials of the Statba Vilnius club and Soviet sports ministry officials to release Marchulionis, 25. The 6-foot, 5½-inch (1.97-meter) guard is considered the second-best Soviet national team player after center Arvidas Sabonis.

Sabonis, Rimas Kudiraitis and Alexander Volkov are awaiting permission to play abroad in the NBA or with West European teams, a source close to the Soviet team said. (AP, AP)

Lewis, Teammates Barred By TAC From British Meet

The Associated Press

BIRMINGHAM, England — Carl Lewis, the Olympic 100-meter champion, and three track club teammates have been barred from an international meet this weekend by the sport's U.S. governing body, British officials said Tuesday.

The British Amateur Athletics Board said it had been told by The Athletics Congress, U.S. track's ruling federation, that Lewis and three other members of the Santa Monica Track Club had been refused permission to compete in the meet Friday and Saturday at Alexandra Stadium.

Involving the United States, the Soviet Union, West Germany and Britain, it will be one of the major events of the European track season.

Lewis, Olympic 200-meter champion Joe DeLoach, Floyd Heard and Danny Green, all from the Santa Monica TC, boycotted the U.S. track and field championships last weekend, where the U.S. team was picked. The protest was part of a feud between the Santa Monica athletes and the TAC.

The four planned to run in Birmingham as an independent team that would try to break the world record in the 800-meter relay. They would have run against the four national teams, including the British squad led by Linford Christie, who finished second to Lewis in the Olympic 100 meters last summer.

The British board said it had been told by TAC's executive director, Ollan Cassell, that U.S. club teams would not be allowed to run against national teams in meets where a U.S. national squad was competing.

Cassell said the move had the "full support" of U.S. team members and coaches, the British board reported.

'Frankensteins': Kerr Tells Canadian Inquiry of Bizarre Drug Practices

By Randy Harvey

Los Angeles Times Staff

TORONTO — After 60 days of testimony, the Canadian government's commission already was all too aware that athletes in a wide variety of sports used banned drugs to enhance their performances.

Even when Robert Kerr, the sports-medicine doctor whose expertise in the subject of anabolic steroids is recognized worldwide, testified Monday that he had administered the drugs to 20 athletes in the early 1980s who later won medals at the 1984 Summer Olympics at Los Angeles, it did not create a stir among the now-jaded spectators in the hearing room.

But Kerr, 54, did not stop there. He also gave the commission an indication of just how far athletes and their coaches, doctors and pharmacists will go to gain an edge.

He mentioned testosterone from rams, nerve gas, surgery to pig fetuses, the injection of air into the muscles and oceans of swimmers to improve flotation, and muscle biopsies performed by surgeons to determine whether athletes have fast-twitch or slow-twitch muscle fibers.

The last disclosures caused the commission, Ontario associate chief justice Charles L. Dubin, to interrupt.

"That sounds like the bionic man," Dubin said.

"Or Frankenstein," Kerr said.

Kerr was at one time blamed, or applauded, depending on the viewpoint, for creating chemical athletes.

At the same time, he also created a reputation in the sports world unrivaled by any other doctor's in the United States, even though he told the commission that he knew of 72 others in the Los Angeles area who treat athletes with banned drugs.

In his 1982 book, "The Practical Use of Anabolic Steroids with Athletes," he said he had treated more than 4,000 athletes from 20 countries.

He said Monday that the athletes were from North America, South America, Asia, Europe and Australia. Whether he never treated athletes from Africa or he simply forgot to mention them was not clear.

Most of the athletes, he said, were power lifters and bodybuilders, but athletes in baseball, football, ice hockey, roller hockey, track and field, cycling and swimming also were represented.

Kerr, who frequented weight lifting gyms as part of his training as an amateur rugby player, said that he began prescribing drugs for athletes in 1966 because he

was appalled to see them buying drugs from the black market.

"That seemed to me a rather bizarre way to take medications," he said. "I thought medical doctors should try to put some sense into what was going on."

He said he quit 18 years later, a short time after the Los Angeles Olympics, having learned that no sense could be made of it.

He said that he would prescribe the drugs for athletes, tell them the dosages to take to avoid side effects and even monitor their health through laboratory tests.

"I felt the athletes could be trusted to some degree," Kerr said.

But he learned otherwise. He said too many athletes over the years chose to supplement his treatment with drugs bought on the black market. No amount of counseling, he said, would dissuade them. The game had passed him by.

"Frankly, I was becoming old-fashioned to them," he said. "I would have nothing to do with drugs that were not legal" to be sold by prescription "in the United States, and it was those drugs that the athletes wanted."

"Now, patients are advised that if they even mention the word steroids, that's the end of our session."

Kerr not only said that he quit treating

athletes with steroids and other banned substances, it appears as if he had joined the other side. He submitted to the commission an eight-page letter that he sent on March 1, 1985, to five respected sports-medicine doctors, including Robert O. Voy, who at the time was the U.S. Olympic Committee's chief medical officer.

It was in that letter, much of which was read into the record Monday, that Kerr detailed the latest tricks of the trade as he had learned them from European doctors attending the Los Angeles Games. Compared to some of the methods for improving athletic performance mentioned in the letter, prescribing steroids seems not much worse than removing a splinter.

ing but investigating blocking agents" that could be used to mask the use of steroids.

• Athletes in strength events from Eastern bloc countries were using stanozolol as a stimulant 30 to 60 minutes before competing.

• An Italian physician told him that the "drug that seemed to stand out" for use among European athletes was Stanozolol, which is a version of Winstrol. Both contain the anabolic steroid stanozolol. The substance found in Ben Johnson's urine sample at the Olympics in Seoul.

• European doctors were taking muscle biopsies to determine whether an athlete had fast-twitch or slow-twitch fibers. With different medical treatments, and in some cases with steroids, the fibers could be changed to suit the athlete.

Kerr was asked to elaborate on each point he made in the letter. But in most cases, he was unable to do much more than clarify points he had written.

As he completed his testimony, he told the commission that most athletes he knows were "terribly hurt" that Johnson had been disqualified in Seoul.

"I know of no one," he said, "who wasn't sorry that the medal went to Carl Lewis. Everyone was hoping the positive test was a mistake."

BOOKS

THE RAINY SEASON: Haiti Since Duvalier

By Amy Wilentz. 432 pages. \$19.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by James Rupert

WHEN Amy Wilentz first visited Haiti in January 1986, she carried a copy of Graham Greene's "The Comedians," the 1960s tale of oppression and uncertainty in the dictatorship of François (Papa Doc) Duvalier. Wilentz was eager to report on a second generation of Greene's tale in the rotting land of "Baby Doc" — Duvalier's son, Jean-Claude. There would be the impoverished slums of Port-au-Prince, gun-toting Tonton Macoutes, secret revolutionaries, and champagne and cocaine parties at the Duvaliers' palace.

But the Haitian people had risen up and were throwing out Wilentz's chosen subject. "It seemed like a joke at my expense. I wanted to study tyranny and bloody violence; instead, I had a popular triumph on my hands," she recounts early in her book. "It took me a little while to realize that if you want long enough in Haiti, and really not so long, the tyranny and violence is likely to return and that a people's victory is not always in the end what it seems to be in the beginning."

In that nutshell — and in most of her book — Wilentz seems nearly to share Greene's conclusion from a quarter-cen-

tury before: that while Haiti will fascinate and absorb a foreign visitor, it also will brutalize and wear out Western-educated liberals who come looking for changes. Indeed, in Wilentz's portrait, Graham Greene's readers will find the same oppressive Haitian atmosphere as in "The Comedians," and even some of the same characters and settings.

After several visits to Haiti in 1986, Wilentz moved to Port-au-Prince in early 1987 to live there for nearly two years. It is her time spent beginning to unravel complicated Haitian characters and their complicated society that makes "The Rainy Season" a valuable and readable insight. It is the characters of Wilentz's ordinary Haitian friends — working to cope with their troubles — give her the sense of hope that apparently led her to her title. "Rain," she notes, "is hope in rural Haiti."

Too much of the world's public image of Haiti is forged by the episode, almost convulsive, reporting of the Western press, whose reporters mostly ignore Haiti between the "newsworthy" riots or coups that send them scrambling for seats on the next flight from Miami.

A central theme of the book is Wilentz's criticism of a U.S. foreign policy that is too concerned with stability and U.S. interests — and not enough with democracy and social justice for Haitians. History and American policy-makers help make her case. A U.S. Embassy official — who seems to see communists in every Haitian

disident — blithely suggests that the U.S. Marines' occupation of Haiti from 1915 to 1934 "worked fairly well" at establishing a stable democracy, when all the evidence makes clear it did nothing of the sort. A U.S. project to produce needed rubber and sisal during World War II displaced 40,000 Haitian farmers and then collapsed disastrously. More recently U.S.-supplied food aid depresses local food prices and puts more farmers out of business.

Since Duvalier's departure, the United States has pressed Haiti's military rulers to hold clean elections and return the country to a civilian government. Wilentz makes a cogent case that it could press harder, although she offers no alternative course and suggests no quick fix for Haiti.

James Rupert is on the staff of The Washington Post.

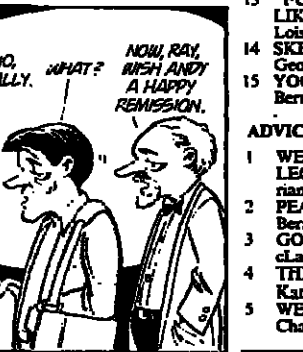
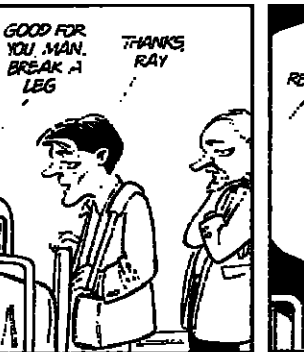
BEST SELLERS

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Week	Title	Author	Weeks on List
1	THE RUSSIA HOUSE	by John le Carré	1
2	WHILE MY PRETTY ONE SLEEPS	by Mary Higgins Clark	2
3	THE NEGOTIATOR	by Frederick Forsyth	3
4	TALKING GOD	by Tony Hillerman	4
5	CAPITAL CRIMES	by Lawrence Sanders	5
6	THE JOY LUCK CLUB	by Amy Tan	6
7	THE TEMPLE OF MY FAMILIAR	by Alice Walker	7
8	THE SATANIC VERSES	by Salman Rushdie	8
9	RED PHOENIX	by Larry Bond	9
10	PLAYMATES	by Robert B. Parker	10
11	A PRAYER FOR OWEN MEANY	by John Irving	11
12	STRANGER IN SAVANNAH	by Eugenia Price	12

Week	Title	Author	Weeks on List
1	WE ARE STILL MARRIED	by Garrison Keillor	1
2	STAR	by Danielle Steel	2
3	GARDEN OF LIES	by Eileen Goudge	3
4	A WOMAN NAMED JACKIE	by C. David Heyman	4
5	ALL I REALLY NEED TO KNOW I LEARNED IN KINDERGARTEN	by Robert Bly	5
6	IT'S ALWAYS SOMETHING	by Glinda Rader	6
7	THE GOOD TIMES	by Russell Baker	7
8	SUMMER OF '49	by David Halberstam	8
9	LOVE AND MARRIAGE	by Bill Cosby	9
10	THE ANDY WARHOL DIARIES	edited by Richard A. Horwitz	10
11	A BRIEF HISTORY OF TIME	by Stephen W. Hawking	11
12	THE NIGHT THE WEAR ATE COOBBLE	by Patrick F. McManus	12
13	ABOUT FACE	by David H. Hackworth and John S. Slemmon	13
14	CITIZENS	by Simon Schama	14
15	INNUMERACY	by John Allen	15

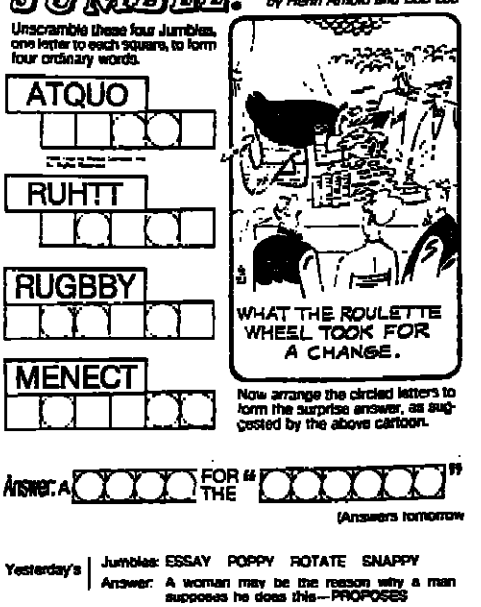
DOONESBURY



DENNIS THE MENACE



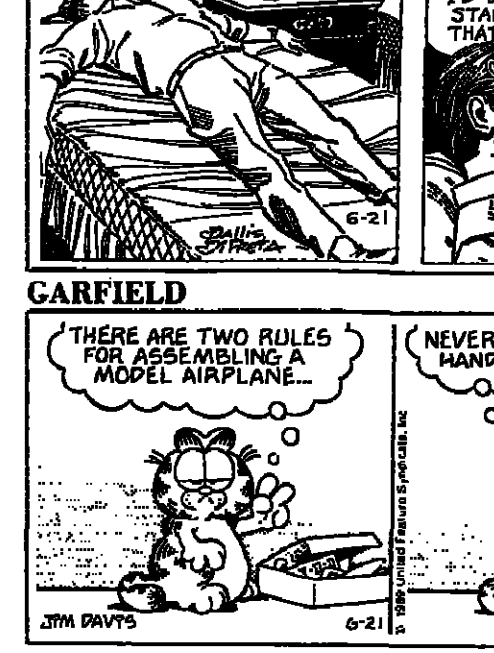
JUMBLE



BLONDIE



REX MORGAN



GARFIELD



OBSERVER

Lost Amid the Limos

By Russell Baker

NEW YORK—In Washington, a limousine is a symbol of power. A grandfaterly man wearing an ambassador suit took the limo.

You could tell he was dying to speak Spanish but mine had all deserted the except for, "The women of Seville are very beautiful," and, "In which direction lies the city of Madrid?"

Neither went to the questions upmost in my mind, which were, "Are you a bellboy, or are you the owner of this hotel, or are you the ambassador plenipotentiary of a bankrupt republic who is gallantly moonlighting to help pay your homeland's debt to our devil-may-care Yankee bankers?"

I love saying "plenipotentiary" aloud and have done so on occasions embarrassing enough to alert my wife to be on guard at moments like this. Now she whispered, "He is a bellboy, not a diplomat, so just tip him and don't say 'plenipotentiary'."

Because she failed to add, "And don't show him how witty you are," I said, "Judging from those limousines drawn up around the hotel, it looks like John Wayne may not be any dearer than Elvis Presley."

We had entered our room now, and the expression of the man with the luggage was hard to read. He might have been struggling to translate "deader than Elvis" into Spanish, or he might have been wondering if I was a spy speaking to him in code, the way spies are said to do.

You know how spies talk: Two strangers meet, one says, "John Wayne may not be any dearer than Elvis Presley," whereupon the second says, "The moon's halo is purple when that midnight choo-choo leaves for Alabama," whereupon they exchange microfilm.

Anyhow, all he said was, "You want me to show how to work the television?"

Suddenly it occurred to me that this was, after all, Washington, home office of international espionage, not to mention counterespionage.

This curiously aged bellboy, for instance: Was it not strange that a grandfatherly man should dress up as an ambassador and tote luggage around a hotel swarming with limousine users?

I decided to explain myself before any spymasters learned there was somebody in town talking suspiciously of John Wayne and Elvis. "What I mean," said I, "is that with all those limousines surrounding the hotel, it's like John Wayne and Elvis. Get those limousines drawn up in a circle and don't shoot until I give the order."

"I see," said the bellman. "The bathroom light switch is right here." At this point, far too late, my wife finally said, "You don't have to give every stranger you meet an immediate demonstration of how witty you are."

"It is all right," said the bellboy. "The gentleman is much like my grandson who has been to college, yet wants everyone to think he is a good fellow with the common touch, so he is always making puns in Ciceronian Latin for the girls at the supermarket checkout counter, who naturally think he is crazy. But it is only the craziness of fools whom Heaven loves."

It was time to show him who was in charge. "Enough of this nonsense," I commanded. "Explain this vulgarly of the limousines."

He did: "It is the savings-and-loan lobby, descended upon Washington to remind the House of Representatives that, while their ethics are of a breathtaking purity, one of their principal residences is situated in the pocket of the savings-and-loan lobby whose PACs feed them so generously."

This was horrifying news. To my wife I said, "A nightmare come to life! We are the only two people in this entire hotel who are not touting day and night to make our money they money."

The expression of the grandfatherly bellboy abruptly became contemptuous. "Do you take me for a fool?" he sneered. "Through booked into this infestation of limousines lobbyists, you try to make me believe that you alone are not here to persuade Congress to make my money your money!"

"My good man," I said, "You rise above your station."

His attitude changed instantly. "The moon's halo is purple when that midnight choo-choo leaves for Alabama," he whispered.

New York Times Service

Miniskirts and Omertà: A Furor in Sicily

By Jennifer Parmelee

Washington Post Service

ROME — No angry ayatollahs have called for her death. There have been no book burnings, no hangings in effigy, no fanatical mobs ransacking the stores that display her best-selling novel.

But "Volevo i Pantaloni" (I Wanted to Wear Pants) by the

Newspapers call Lara Cardella 'Salman Rushdie in a miniskirt.'

young Sicilian author Lara Cardella has stirred up so much resentment in her native town that newspapers have taken to calling her "Salman Rushdie in a miniskirt."

Her story of a young girl growing up in a Sicilian village, a tale punctuated by incest, beatings and frustrated dreams, could be set in many small, poor towns the world over.

Cardella chose Sicily because it was what she knew and because that Mediterranean island, with its powerful traditions and deep-rooted sense of family loyalty and honor, lends itself well to a story in which ugly skeletons are relegated to the closet.

The trouble is that Cardella's home, Licata, a seaside town in Sicily, took her novel personally — though she never names the setting of her book.

The mayor of Licata, appearing in a face-to-face showdown on a national television, suggested that Cardella's book showed she was troubled and in need of mental help. Teen-agers, feeling betrayed by the book's depiction of young people, hurled insults at her in the streets until she was reluctant to leave her home. And Cardella herself was harassed by the town's youth.

"Certainly they aren't about to stone me, but I have the feeling that many people consider me a monster, a traitor," she said the day after her televised confrontation with the mayor.

Family members also felt the heat. Her mother came home in

tears from her hospital job, ultimately deciding on a leave of absence, after co-workers insulted her. Her father and other relatives have been taunted in the street by townspeople who wanted to know "what's wrong with your family."

Others rushed to her defense, and Cardella has even become an unofficial spokeswoman for Licata, in another parallel with the Rushdie affair, the controversy helped propel the novel to the top of Italy's best-seller lists. Published by Mondadori, it's now in its fourth printing and has sold more than 70,000 copies. Producers are calling Cardella about movie rights.

Cardella dismisses the Rushdie-in-a-miniskirt slur with a shrug and what might be called a philosophical giggle. She is, after all, just 19. But a moment later the smile vanishes, replaced by a deep sigh. She begins to explain, in the frank and spare language that characterizes her prose — a rarity in a land of flowery writing and oration.

"All these pressures and polemics have worn me out. I'm dead tired," she says. The furor moves her to deliver a solemn oath. "I will never publish again. I mean it. I only care about writing. But I will write for myself from now on."

Never seems a long time for a young woman of clear talent — and one who is not averse to shaking up the existing order. Although Cardella dismisses any notion of changing the world, saying she's "more realistic now," she also believes that "if you remain silent, everything will remain the same."

"I don't really believe that to care about a place you must hide what's negative. Some people telephoned me and said, 'Okay, you're right about a lot of things, but you shouldn't have talked that way about Licata on television. People will think we're part of the Third World.' They don't realize that silence, or indifference, is worse."

Just where Cardella's Licata ends and fiction begins is not clear. She insists the story of Anna, her protagonist, is not autobiographical, but she also maintains that the circumstances are largely true to life. Like much of Sicily today, An-



Author Cardella: "Many people consider me a monster."

na's world is poor and sun-washed, backward and beautiful. "A land so lovely that it dries tears faster than the sun," writes Cardella. "The seasons here don't follow nature's course, everything is different, time has stopped. On the road between the fields, there is the smell of soil worked by hand and the trees grow tall with mammoth and sweat. Everything has the smell of sweat: See the horses who are never alert or awake. They wear the fatigue of their work. The beasts are like the men, and the men are like the beasts."

The world of Anna is bleak, dominated by a cruel and abusive father, an indifferent mother and a lecherous uncle. Even as a child, Anna is quick to divine the disadvantages of being female, and after observing the freedom of her brothers, she naively determines that wearing pants is a way to escape her lot.

Girls who grow up, she knows, lose the "mask" of ingenuously that once let them play outside with their friends. Once they cross the threshold of womanhood, they must walk the streets with their eyes cast down, "in shame," modestly attired, usually accompanied, and never looking too closely for fear of being branded a loose woman, a puttana. But the men,

How does the Licata of today compare?

The men still eye and comment loudly on the attributes of women who stroll by, as they do in much of Italy. Gossip still moves with the speed of lightning. But many of Licata's young women do go on to college, and they certainly wear miniskirts and pants — as 100 or so Licata teen-agers made clear in a recent protest against Cardella.

But Cardella contends that appearances deceive and traditions die hard. Family violence is still largely hushed up, she says, while most women still lead restricted lives. Often those who defy the old system of values are shunned or maligned, particularly among the poorer classes.

Unemployment, the bane of southern Italy, is rampant. There is no library and just two cinemas — one of them for pornographic films — in a town of 43,000.

Cardella's assessment has been echoed by many Sicilian intellectuals who jumped into the fray to defend her, praising her break with omertà, the Sicilian Mafia's code of silence. The writer Gualdo Bufalino says modern ways, reinforced by television, have been accepted by much of Sicily, but that some areas, especially the poorer ones, remain mired in the past. "Situations like those in Licata," he says, "reflect an agonizing reality."

Most of the kids here don't acknowledge that we have problems, and without this acceptance there won't be change," Cardella agrees. "To them, being modern is wearing an earring for boys, putting on a miniskirt for girls. Their self-examination often stops at the surface."

So what makes Lara Cardella so different? Cardella says her parents, in contrast to Anna's, were loving and supportive, letting her flout the rules to a point. "I was born a rebel," she says. Anna's rebel does not plan on leaving home. "I believe in family, marriage, love, friendship — anachronistic values, if you will. I love Licata. I want to live the rest of my life there. But I've always managed to look at it with a bit of distance, like a person coming from another town. That way I can see the defects."

PEOPLE

Ringo Starr Plans Tour, First Since Beatles Split

Ringo Starr will make his first tour since the 1970 breakup of the Beatles. Starr will play drums and sing on the U.S. tour, which begins July 23 in Dallas and ends Sept. 3 in Los Angeles. He will be part of a nine-piece band of prominent rockers, many of whom Starr has worked with in the past.

Thousands of fans, including many who staked out viewing spots 24 hours in advance, screamed wildly for Hollywood stars at the full-moon premiere of "Batman" Sylvester Stallone, Eddie Murphy, Billy Crystal, Don Johnson, Melanie Griffith and the film's stars Michael Keaton and Kim Basinger showed up as "Batman" unfurled his cape. The Warner Bros. movie opens around the United States Friday. About 100 of the 15,000 fans crowded on the sidewalk and in the street wore green hair and white face makeup in honor of their favorite character, the Joker, the villain played by Jack Nicholson.

King Juan Carlos of Spain has been installed as an Extra Knight of the Garter. Juan Carlos, 51, joined the ancient order of chivalry in a pageant at Windsor Castle. Queen Elizabeth II made Juan Carlos an Extra Knight Companion during her visit to Spain last October.

The English Heritage commission, which oversees the country's historic monuments, criticized Prime Minister Margaret Thatcher for her plans to redecorate some of the rooms at 10 Downing Street, which has served as the prime minister's residence since the end of the 18th century and is a classified monument. The commission Tuesday said her plans would create an eclectic mélange that is "not particularly desirable." The commission's aesthetic eyebrows were particularly raised over her plan to use twisted columns in two of the rooms. "They usually flank the mausolea of saints or occasionally the tombs of kings. Their use in a boudoir is most inappropriate," the report said.

A French humanitarian foundation headed by Danielle Mitterrand, the wife of the French president, announced plans for a benefit concert in Paris June 28 to raise money for pro-democracy student activists in China.

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TODAY'S INTERNATIONAL BUSINESS MESSAGE CENTER
Appears on page 4

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Porto Rotondo, splendid villa, right on sea, large terrace, 4 bedrooms, 2 single, 4 beds, 2 main rooms. Unique position, weekly or monthly. 14/08/89 - 14/09/89. Tel: 0709/27.14.00

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ANNOUNCEMENTS
ALL BEST SEATS Wimbledon, tennis, 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th, 101st, 102nd, 103rd, 104th, 105th, 106th, 107th, 108th, 109th, 110th, 111th, 112th, 113th, 114th, 115th, 116th, 117th, 118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th, 126th, 127th, 128th, 129th, 130th, 131st, 132nd, 133rd, 134th, 135th, 136th, 137th, 138th, 139th, 140th, 141st, 142nd, 143rd, 144th, 145th, 146th, 147th, 148th, 149th, 150th, 151st, 152nd, 153rd, 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